

Document of

The World Bank

Report No: ICR00002238

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-39660 TF-53349)

ON A

CREDIT IN THE AMOUNT OF SDR 19.2 MILLION
(US\$28.15 MILLION EQUIVALENT)

AND A

GLOBAL ENVIRONMENTAL FACILITY GRANT
IN THE AMOUNT OF US\$4 MILLION

TO THE

REPUBLIC OF ZAMBIA

FOR A

SUPPORT FOR ECONOMIC EXPANSION AND DIVERSIFICATION (SEED)
PROJECT

June 29, 2012

Financial and Private Sector Development
East and Southern Africa
Africa Region

CURRENCY EQUIVALENTS

Exchange Rate Effective June 8, 2004

Currency Unit = ZMK
ZMK 1.00 = US\$0.00021
ZMK 1.00 = NOK 0.00140
US\$1.00 = ZMK 4785
NOK 1.00 = ZMK 709

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

| | |
|--------|--|
| ADSP | Agriculture Development Support Project |
| AM | Aide Memoire |
| AMU | Area Management Unit |
| ASPEN | Africa Safeguards Policy Enhancement |
| CAS | Country Assistance Strategy |
| CBNRM | Community Based Natural Resource Management |
| CRB | Community Resource Board |
| DANIDA | Danish Agency for Development Assistance |
| EA | Environmental Assessment |
| ECZ | Environmental Council of Zambia |
| EIA | Environmental Impact Assessment |
| EMP | Environmental Management Plan |
| EOI | Expression of Interest |
| EOP | End of Project |
| ERRP | Emergency Resource Protection Programme |
| ESW | Economic Sector Work |
| EU | European Union |
| FDI | Foreign Direct Investment |
| FMR | Financial Management Report |
| FMS | Financial Management System |
| GEF | Global Environment Facility |
| GEO | Global Environmental Objective |
| GKNP | Greater Kafue National Park |
| GMA | Game Management Area |
| GMP | General Management Plan |
| GoZ | Government of the Republic of Zambia |
| ICB | International Competitive Bidding |
| ICR | Implementation Completion Report |
| IDA | International Development Agency |
| IFC | International Finance Corporation |
| ISR | Implementation Status Report |
| IUCN | International Union for Conservation of Nature |

| | |
|---------|--|
| JMC | Joint Management Concession |
| KNP | Kafue National Park |
| KPI | Key Performance Indicators |
| KPOA | Kafue Private Operator Association |
| LCC | Livingstone City Council |
| LTA | Livingstone Tourism Association |
| MAAC | Ministry of Agriculture and Cooperatives |
| MCA | Millennium Challenge Account |
| MCC | Millennium Challenge Cooperation |
| METT | Management Effectiveness Tracking Tool |
| MLGH | Ministry for Local Government and Housing |
| MoFNP | Ministry of Finance and National Planning |
| MMMD | Ministry of Mines and Minerals Development |
| MNP | Mosi o-Tunya National Park |
| MTENR | Ministry of Tourism Environment and Natural Resources |
| MTR | Mid-Term Review |
| NBSAP | National Biodiversity Strategy and Action Plan |
| NCB | National Competitive Bidding |
| NGO | Non-Governmental Organization |
| NHCC | National Heritage Commission |
| NLCP | North Luangwa Conservation Commission |
| NMB | National Museums Board |
| NOK | Norwegian Kroner |
| NP | National Park |
| NPWS | National Parks and Wildlife Services |
| PAD | Project Appraisal Document |
| PCU | Project Coordination Unit |
| PDF | Project Development Facility |
| PDO | Project Development Objective |
| PIM | Project Implementation Manual |
| PIP | Project Implementation Plan |
| PIU | Project Implementation Unit |
| PMU | Project Management Unit |
| PPF | Peace Park Foundation |
| PPP | Public-Private-Partnership |
| PSC | Project Steering Committee |
| QAG | Quality Assurance Group |
| QCBS | Quality Cost Based Selection |
| QEA | Quality at Entry |
| REMNPAS | Reclassification and Effective Management of the National Protected Area System in Zambia Project |
| RFP | Request for Proposal |
| RM | Regional Manager |
| SEA | Strategic Environmental Assessment |
| SEED | Support for Economic Expansion and Diversification |
| SLAMU | South Luangwa Area Management Unit |

| | |
|------|------------------------------------|
| SME | Small and Medium Enterprises |
| SOE | State of Expenses |
| SPN | Specific Procurement Notice |
| TCZ | Tourism Council of Zambia |
| TFCA | Transfrontier Conservation Area |
| UNDP | United Nations Development Program |
| WB | World Bank |
| WPO | Wildlife Police Officer |
| ZAWA | Zambia Wildlife Authority |
| ZMK | Zambian Kwacha |

| | |
|----------------------|--|
| Vice President: | Makhtar Diop |
| Country Director: | Kundhavi Kadiresan |
| Sector Manager: | Irina Astrakhan/Idah Pswarahi-Riddihough |
| Project Team Leader: | W. Marie Sheppard/Jean-Michel Pavy |
| ICR Team Leader: | Brian G. Mtonya |

Republic of Zambia
SUPPORT FOR ECONOMIC EXPANSION AND DIVERSIFICATION (SEED)
PROJECT

CONTENTS

Data Sheet

- A. Basic Information
- B. Key Dates
- C. Ratings Summary
- D. Sector and Theme Codes
- E. Bank Staff
- F. Results Framework Analysis
- G. Ratings of Project Performance in ISRs
- H. Restructuring
- I. Disbursement Graph

| | |
|---|----|
| 1. Project Context, Development and Global Environment Objectives Design | 1 |
| 2. Key Factors Affecting Implementation and Outcomes | 5 |
| 3. Assessment of Outcomes | 15 |
| 4. Assessment of Risk to Development Outcome and Global Environment Outcome | 25 |
| 5. Assessment of Bank and Borrower Performance | 26 |
| 6. Lessons Learned..... | 30 |
| 7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners..... | 32 |
| Annex 2. Outputs by Component..... | 37 |
| Annex 3. Economic and Financial Analysis | 43 |
| Annex 4. Bank Lending and Implementation Support/Supervision Processes..... | 44 |
| Annex 5. Beneficiary Survey Results | 47 |
| Annex 6. Stakeholder Workshop Report and Results..... | 48 |
| Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR | 49 |
| Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders | 52 |
| Annex 9. List of Supporting Documents | 53 |

MAP

| A. Basic Information | | | |
|---|----------------------|-------------------|---|
| Country: | Zambia | Project Name: | Support for Economic Expansion and Diversification (SEED) |
| Project ID: | P071407,P074258 | L/C/TF Number(s): | IDA-39660,TF-53349 |
| ICR Date: | 06/29/2012 | ICR Type: | Core ICR |
| Lending Instrument: | SIL,SIL | Borrower: | MINISTRY OF FINANCE & NATIONAL PLANNING |
| Original Total Commitment: | XDR 19.20M,USD 4.00M | Disbursed Amount: | XDR 18.82M,USD 3.92M |
| | | | |
| Environmental Category: B,C | | Focal Area: B | |
| Implementing Agencies: Livingstone City Coucil Zambia Wildlife Authority Ministry of Mines and Minerals Development Department of Tourism | | | |
| Cofinanciers and Other External Partners: Government of Norway | | | |

| B. Key Dates | | | | |
|--|------------|-------------------|---------------|--------------------------|
| Support for Economic Expansion and Diversification (SEED) - P071407 | | | | |
| Process | Date | Process | Original Date | Revised / Actual Date(s) |
| Concept Review: | 05/18/2001 | Effectiveness: | 11/10/2004 | 11/10/2004 |
| Appraisal: | 01/19/2004 | Restructuring(s): | | 06/22/2007 |
| Approval: | 07/29/2004 | Mid-term Review: | | 10/12/2009 |
| | | Closing: | 11/30/2009 | 11/30/2011 |

| SEED Biodiversity - P074258 | | | | |
|------------------------------------|------------|-------------------|---------------|--------------------------|
| Process | Date | Process | Original Date | Revised / Actual Date(s) |
| Concept Review: | 05/10/2001 | Effectiveness: | | 08/16/2004 |
| Appraisal: | 01/12/2004 | Restructuring(s): | | 06/22/2007 |
| Approval: | 07/29/2004 | Mid-term Review: | 10/05/2009 | 10/10/2009 |
| | | Closing: | 05/31/2009 | 11/30/2011 |

| C. Ratings Summary | |
|--------------------------------------|---------------------------|
| C.1 Performance Rating by ICR | |
| Outcomes | Moderately Satisfactory |
| GEO Outcomes | Moderately Satisfactory |
| Risk to Development Outcome | Substantial |
| Risk to GEO Outcome | Substantial |
| Bank Performance | Moderately Unsatisfactory |
| Borrower Performance | Moderately Unsatisfactory |

| C.2 Detailed Ratings of Bank and Borrower Performance (by ICR) | | | |
|---|---------------------------|-------------------------------|---------------------------|
| Bank | Ratings | Borrower | Ratings |
| Quality at Entry | Moderately Unsatisfactory | Government: | Not Applicable |
| Quality of Supervision: | Moderately Unsatisfactory | Implementing Agency/Agencies: | Not Applicable |
| Overall Bank Performance | Moderately Unsatisfactory | Overall Borrower Performance | Moderately Unsatisfactory |

| C.3 Quality at Entry and Implementation Performance Indicators | | | |
|--|---------------------------|------------------------------|---------|
| Support for Economic Expansion and Diversification (SEED) - P071407 | | | |
| Implementation Performance | Indicators | QAG Assessments (if any) | Rating: |
| Potential Problem Project at any time (Yes/No): | Yes | Quality at Entry (QEA) | None |
| Problem Project at any time (Yes/No): | Yes | Quality of Supervision (QSA) | None |
| DO rating before Closing/Inactive status | Moderately Unsatisfactory | | |

| SEED Biodiversity - P074258 | | | |
|---|--------------|------------------------------|---------|
| Implementation Performance | Indicators | QAG Assessments (if any) | Rating: |
| Potential Problem Project at any time (Yes/No): | No | Quality at Entry (QEA) | None |
| Problem Project at any time (Yes/No): | No | Quality of Supervision (QSA) | None |
| GEO rating before Closing/Inactive Status | Satisfactory | | |

D. Sector and Theme Codes**Support for Economic Expansion and Diversification (SEED) - P071407**

| | Original | Actual |
|--|----------|--------|
| Sector Code (as % of total Bank financing) | | |
| Agro-industry | 15 | 15 |
| Central government administration | 15 | 15 |
| General agriculture, fishing and forestry sector | 5 | 5 |
| Mining and other extractive | 15 | 15 |
| Other industry | 50 | 50 |
| | | |
| Theme Code (as % of total Bank financing) | | |
| Biodiversity | 14 | 14 |
| Export development and competitiveness | 29 | 29 |
| Infrastructure services for private sector development | 14 | 14 |
| Other financial and private sector development | 14 | 14 |
| Rural markets | 29 | 29 |

SEED Biodiversity - P074258

| | Original | Actual |
|---|----------|--------|
| Sector Code (as % of total Bank financing) | | |
| Central government administration | 3 | 3 |
| General agriculture, fishing and forestry sector | 65 | 65 |
| Other industry | 32 | 32 |
| | | |
| Theme Code (as % of total Bank financing) | | |
| Biodiversity | 33 | 33 |
| Legal institutions for a market economy | 17 | 17 |
| Pollution management and environmental health | 33 | 33 |
| Regulation and competition policy | 17 | 17 |

| E. Bank Staff | | |
|--|--------------------|---------------------|
| Support for Economic Expansion and Diversification (SEED) - P071407 | | |
| Positions | At ICR | At Approval |
| Vice President: | Makhtar Diop | Calisto Madavo |
| Country Director: | Kundhavi Kadiresan | Hartwig Schafer |
| Sector Manager: | Irina Astrakhan | Demba Ba |
| Project Team Leader: | W. Marie Sheppard | Constantine Chikosi |
| ICR Team Leader: | Brian G. Mtonya | |
| ICR Primary Author: | Brian G. Mtonya | |

| SEED Biodiversity - P074258 | | |
|------------------------------------|--------------------|---------------------|
| Positions | At ICR | At Approval |
| Vice President: | Makhtar Diop | Calisto Madavo |
| Country Director: | Kundhavi Kadiresan | Hartwig Schafer |
| Sector Manager: | Irina Astrakhan | Richard G. Scobey |
| Project Team Leader: | W. Marie Sheppard | Jean-Michel G. Pavy |
| ICR Team Leader: | Brian G. Mtonya | |
| ICR Primary Author: | Brian G. Mtonya | |

F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)

The Project's overall objective is to help reduce the vulnerability of the Zambian economy to shocks by supporting the diversification of its sources of growth. This is to be achieved by improving sector specific policy and regulatory frameworks and strengthening the capacity of Government agencies to implement them. The development objective will be supported through selective public investments that stimulate private investments and by creating the condition for increasing the contribution of gemstones, agribusiness and tourism sectors to GDP and export revenues. In addition the project seeks to improve management of Kafue and Mosi-o-Tunya National Parks to underpin the long term sustainable development of the tourism sector.

Revised Project Development Objectives (as approved by original approving authority)

To improve the business environment for (i) sustainable tourism in the greater Livingstone area; and (ii) the gemstone sector.

Global Environment Objectives (from Project Appraisal Document)

To reverse biodiversity erosion in Kafue National Park and Mosi-o-Tunya National Park and its surrounding areas. To improve the conservation and management of Zambia's selected natural ecosystems which are globally significant and vital to the sustained livelihoods of people living in surrounding areas.

Revised Global Environment Objectives (as approved by original approving authority)
To secure critical habitats & wildlife species in the Mosi oa Tunya and Kafue National Parks

(a) PDO Indicator(s)

| Indicator | Baseline Value | Original Target Values (from approval documents) | Formally Revised Target Values | Actual Value Achieved at Completion or Target Years |
|-------------------------------------|---|--|--------------------------------|---|
| Indicator 1 : | Number of days license processing for tourism license | | | |
| Value (quantitative or Qualitative) | 90 | 60 | | 135 |
| Date achieved | 07/29/2004 | 05/31/2009 | | 11/30/2011 |
| Comments (incl. % achievement) | Not achieved. | | | |
| Indicator 2 : | Number of bed nights in lodging facilities in Livingstone | | | |
| Value (quantitative or Qualitative) | 80000 | 96000 | | 0 |
| Date achieved | 07/29/2004 | 05/31/2009 | | 11/30/2011 |
| Comments (incl. % achievement) | Discontinued after restructuring. | | | |
| Indicator 3 : | Number of direct jobs in tourism related facilities | | | |
| Value (quantitative or Qualitative) | 1000 | 1200 | | 0 |
| Date achieved | 07/29/2004 | 05/31/2009 | | 11/30/2011 |
| Comments (incl. % achievement) | Discontinued after restructuring | | | |
| Indicator 4 : | Percent increase in annual revenues in Mosi-o-Tunya National Park | | | |
| Value (quantitative or Qualitative) | 300000 | 360000 | 422717 | 1111910 |
| Date achieved | 07/29/2004 | 05/31/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | Discontinued after restructuring. | | | |
| Indicator 5 : | Number of days of license processing time for Small Scale Mining License (SSML) | | | |
| Value (quantitative or Qualitative) | 30 | 15 | 15 | 120 |
| Date achieved | 07/29/2004 | 05/31/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | Not achieved mainly due to moratorium on mineral licensing that was in effect for 2009 to 2010. | | | |

| Indicator | Baseline Value | Original Target Values (from approval documents) | Formally Revised Target Values | Actual Value Achieved at Completion or Target Years |
|-------------------------------------|---|--|--------------------------------|---|
| achievement) | | | | |
| Indicator 6 : | Number of days of license processing time for Large Scale Mining License (LSML) | | | |
| Value (quantitative or Qualitative) | 60 | 30 | 30 | 270 |
| Date achieved | 07/29/2004 | 05/31/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | Not achieved mainly due to moratorium on mineral licensing that was in effect for 2009 to 2010. | | | |

(b) GEO Indicator(s)

| Indicator | Baseline Value | Original Target Values (from approval documents) | Formally Revised Target Values | Actual Value Achieved at Completion or Target Years |
|-------------------------------------|---|--|--------------------------------|---|
| Indicator 1 : | Population of key wildlife species as an indicator of ecosystem recovery in the two parks (elephants) - KNP | | | |
| Value (quantitative or Qualitative) | 2506 | 2950 | 2630 | 2550 |
| Date achieved | 07/29/2004 | 05/03/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 2 : | Population of key wildlife species as an indicator of ecosystem recovery in the two parks (pukus) - KNP | | | |
| Value (quantitative or Qualitative) | 3095 | 3400 | 3250 | 5700 |
| Date achieved | 07/29/2004 | 05/03/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 3 : | Population of key wildlife species as an indicator of ecosystem recovery in the two parks (buffalos) - KNP | | | |
| Value (quantitative or Qualitative) | 3719 | 4090 | 3900 | 1446 |
| Date achieved | 07/29/2004 | 05/03/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | | | | |

| Indicator | Baseline Value | Original Target Values (from approval documents) | Formally Revised Target Values | Actual Value Achieved at Completion or Target Years |
|-------------------------------------|--|--|--------------------------------|---|
| Indicator 4 : | Population of key wildlife species as an indicator of ecosystem recovery in the two parks (red lechwe) - KNP | | | |
| Value (quantitative or Qualitative) | 5817 | 6400 | 6100 | 5494 |
| Date achieved | 07/29/2004 | 05/03/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 5 : | Population of key wildlife species as an indicator of ecosystem recovery in the two parks (cape eland) - MNP | | | |
| Value (quantitative or Qualitative) | 0 | 30 | | 30 |
| Date achieved | 07/29/2004 | 05/03/2009 | | 11/30/2011 |
| Comments (incl. % achievement) | Discontinued | | | |
| Indicator 6 : | Management effectiveness, as measured by WB/WWF tracking tool - KNP | | | |
| Value (quantitative or Qualitative) | 41 | 64 | 69 | 63 |
| Date achieved | 07/29/2004 | 05/03/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 7 : | Management effectiveness, as measured by WB/WWF tracking tool - MNP | | | |
| Value (quantitative or Qualitative) | 46 | 68 | | 0 |
| Date achieved | 07/29/2004 | 05/03/2009 | | 11/30/2011 |
| Comments (incl. % achievement) | Dropped. | | | |

(c) Intermediate Outcome Indicator(s)

| Indicator | Baseline Value | Original Target Values (from approval documents) | Formally Revised Target Values | Actual Value Achieved at Completion or Target Years |
|----------------------|---|--|--------------------------------|---|
| Indicator 1 : | Pilot “one stop shop” licensing facility in Livingstone established and operating | | | |
| Value | No facility | OSS in place and | OSS in place | OSS building |

| Indicator | Baseline Value | Original Target Values (from approval documents) | Formally Revised Target Values | Actual Value Achieved at Completion or Target Years |
|-------------------------------------|---|--|--|--|
| (quantitative or Qualitative) | | operational by end of 2009 | and operational by end 2011 | constructed but not operational at project close, so this target was not achieved |
| Date achieved | 07/29/2004 | 05/31/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 2 : | Statutory instruments (such as license fees) for tourism submitted for legislative action by end of 2008 | | | |
| Value (quantitative or Qualitative) | Non-existent | Statutory Instruments prepared and submitted by end of 2008 | Statutory Instruments prepared and submitted by end 2011 | Submissions await Government to review the proposed changes, so technically this target was not achieved as the instruments were not submitted for legislative action |
| Date achieved | 07/29/2004 | 05/31/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 3 : | Number of annual operating licenses for tourism businesses issued by MTENR | | | |
| Value (quantitative or Qualitative) | 5 | 2 | 2 | 1 |
| Date achieved | 07/29/2004 | 05/31/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | Referred to as the Tourism Enterprise License. This target was achieved and actually exceeded (from 5 to 1 license) | | | |
| Indicator 4 : | Degree of establishment of the Mukuni Park Management Trust | | | |
| Value (quantitative or Qualitative) | Non existent | Functional by end of 2008 and has reached operating cost recovery by end of 2009 | Functional by end of 2008 and has reached operating cost recovery by end of 2011 | Management of the Park has been handed over to the Mukuni Management Trust, a bank account has been opened and the Trust is collecting revenue from the Park. The indicator was partially achieved as the Trust is operational but there no cost |

| Indicator | Baseline Value | Original Target Values (from approval documents) | Formally Revised Target Values | Actual Value Achieved at Completion or Target Years |
|-------------------------------------|---|--|--------------------------------|---|
| | | | | recovery yet |
| Date achieved | 07/29/2004 | 05/31/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 5 : | Number of tourism SMEs in Greater Livingstone for which services can be booked and paid for online | | | |
| Value (quantitative or Qualitative) | 0 | 50 | 50 | 59 |
| Date achieved | 07/29/2004 | 05/31/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | Likely greater since database has not been updated for a long time to include new operators). Thus the target was exceeded. | | | |
| Indicator 6 : | Number of beds for operational tourism concessions in Kafue national park | | | |
| Value (quantitative or Qualitative) | 104 | | 400 | 350 |
| Date achieved | 07/29/2004 | | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | Target was not achieved | | | |
| Indicator 7 : | Total ZAWA non-consumptive tourism revenue in KNP | | | |
| Value (quantitative or Qualitative) | 600000 | 308000 | 650000 | 614000 |
| Date achieved | 07/29/2004 | 05/31/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | Target was close to being achieved | | | |
| Indicator 8 : | Road length (in km) rehabilitated | | | |
| Value (quantitative or Qualitative) | 0 | 16 | 16 | 17.6 |
| Date achieved | 07/29/2004 | 05/31/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 9 : | Number of culverts placed | | | |
| Value (quantitative or Qualitative) | 0 | 118 | 118 | 118 |
| Date achieved | 07/29/2004 | 05/31/2009 | 11/30/2011 | 11/30/2011 |
| Comments | | | | |

| Indicator | Baseline Value | Original Target Values (from approval documents) | Formally Revised Target Values | Actual Value Achieved at Completion or Target Years |
|-------------------------------------|---|--|--------------------------------|---|
| (incl. % achievement) | | | | |
| Indicator 10 : | Side walk length (in km) rehabilitated | | | |
| Value (quantitative or Qualitative) | Not rehabilitated | Rehabilitated | | Rehabilitated |
| Date achieved | 07/29/2004 | 05/31/2009 | | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 11 : | Percent of Kafue National Park (KNP) staff properly housed | | | |
| Value (quantitative or Qualitative) | 20 | | 90 | 97 |
| Date achieved | 07/29/2004 | | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | Achieved. Target Additional houses are under construction to support new staff in the Park. | | | |
| Indicator 12 : | Percent of lodges and patrol areas in KNP accessible all weather | | | |
| Value (quantitative or Qualitative) | 27 | | 60 | 81 |
| Date achieved | 07/29/2004 | | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | Target exceeded. Civil works rehabilitation of roads is still ongoing | | | |
| Indicator 13 : | Percent of lodges and patrol areas in KNP accessible all weather | | | |
| Value (quantitative or Qualitative) | 76.3 | | 90 | 75 |
| Date achieved | 07/29/2004 | | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | Target not achieved. Access in the Park by road is difficult in some of the areas due to rains | | | |
| Indicator 14 : | Number of mining rights disputes per annum at national level | | | |
| Value (quantitative or Qualitative) | 250 | 50 | | 50 |
| Date achieved | 07/29/2004 | 05/31/2009 | | 11/30/2011 |
| Comments (incl. % achievement) | Completed and target achieved. The mining rights disputes have reduced. The reduction came about with the use of software which minimized overlapping complications | | | |
| Indicator 15 : | Revised Mines and Minerals Act and its regulations incl. statutory instruments (such as license fees for gemstones) submitted for legislative action | | | |

| Indicator | Baseline Value | Original Target Values (from approval documents) | Formally Revised Target Values | Actual Value Achieved at Completion or Target Years |
|-------------------------------------|---|--|--------------------------------|--|
| Value (quantitative or Qualitative) | Not existent | Submitted for legislative action. | | Not achieved. The Act that was developed under SEED is at Ministry of Justice and new Government has undertaken to review it |
| Date achieved | 07/29/2004 | 05/31/2009 | | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 16 : | Central Mining Cadastre system installed, commissioned and operational | | | |
| Value (quantitative or Qualitative) | System not installed | System installed | | Target achieved. An independent Cadastre department was approved by Cabinet in November 2011. The Flex-cadastre system was installed |
| Date achieved | 07/29/2004 | 05/31/2009 | | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 17 : | Percent of un-utilized mining licenses | | | |
| Value (quantitative or Qualitative) | 70 | 35 | | 55 |
| Date achieved | 07/29/2004 | 05/31/2009 | | 11/30/2011 |
| Comments (incl. % achievement) | Not achieved. Mainly prospective and small scale licenses. The mining laws for prospective mining do not provide effective guidelines for conducting proper prospective mining exploration, as a result a good number of licenses are dormant | | | |
| Indicator 18 : | Number of staff trained to provide technical advice for value addition to gemstone miners by end of 2009 (gemmology) | | | |
| Value (quantitative or Qualitative) | 0 | 0 | | 3 |
| Date achieved | 07/29/2004 | 05/03/2009 | | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 19 : | Number of staff trained to provide technical advice for value addition to gemstone miners by end of 2009 (Livingstone bureau) | | | |
| Value | 0 | 0 | | 2 |

| Indicator | Baseline Value | Original Target Values (from approval documents) | Formally Revised Target Values | Actual Value Achieved at Completion or Target Years |
|-------------------------------------|--|--|--------------------------------|---|
| (quantitative or Qualitative) | | | | |
| Date achieved | 07/29/2004 | 05/03/2009 | | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 20 : | Number of staff trained to provide technical advice for value addition to gemstone miners by end of 2009 (Kitwe bureau) | | | |
| Value (quantitative or Qualitative) | 0 | 0 | | 2 |
| Date achieved | 07/29/2004 | 05/03/2009 | | 11/30/2011 |
| Comments (incl. % achievement) | | | | |
| Indicator 21 : | Percent revenue collection (Kitwe mining bureau) (percentage) | | | |
| Value (quantitative or Qualitative) | 0 | 90% | 90% | 0 |
| Date achieved | 07/29/2004 | 05/03/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | Percentage figures not available. Kitwe bureau generated ZMK 43 million | | | |
| Indicator 22 : | Percent revenue collection (Livingstone mining bureau) (percentage) | | | |
| Value (quantitative or Qualitative) | 0 | 90% | 90% | 0 |
| Date achieved | 07/29/2004 | 05/03/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | Percentage figures not available. Livingstone generated ZMK 11 million | | | |
| Indicator 23 : | Number of demand driven community projects implemented in mining communities by Kalomo Miners Association(KMA) and Emerald and Semi-precious Stones Mining Association of Zambia (ESMAZ) | | | |
| Value (quantitative or Qualitative) | 0 | 8 | 8 | 8 |
| Date achieved | 07/29/2004 | 05/03/2009 | 11/30/2011 | 11/30/2011 |
| Comments (incl. % achievement) | | | | |

G. Ratings of Project Performance in ISRs

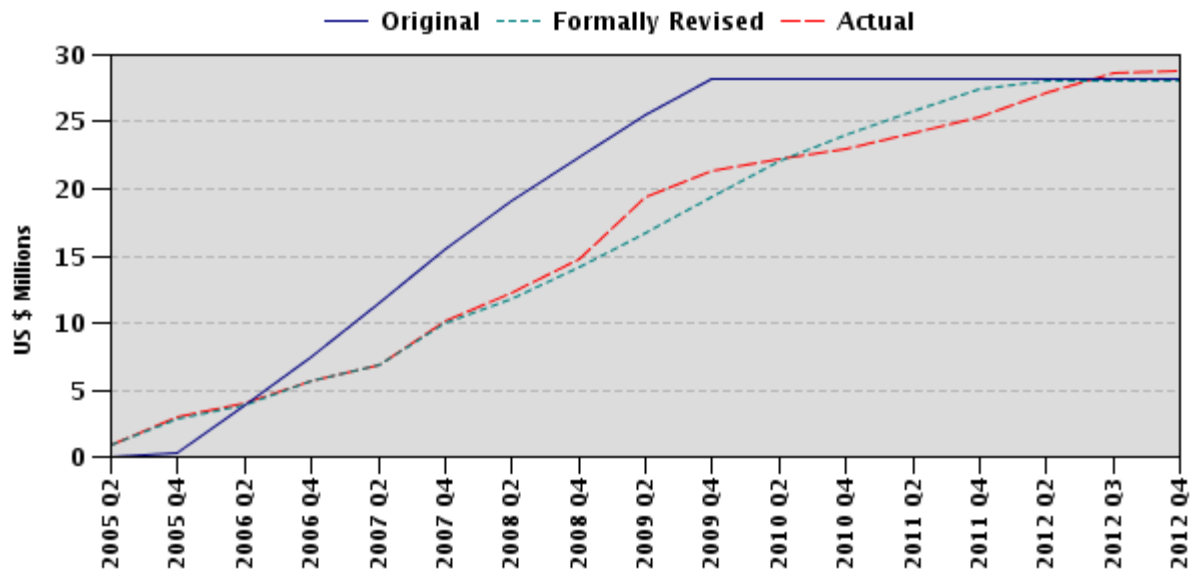
| - | | | | | | |
|-----|-------------------|----|-----|----|-------------------------------------|-----------|
| No. | Date ISR Archived | DO | GEO | IP | Actual Disbursements (USD millions) | |
| | | | | | Project 1 | Project 2 |
| 1 | 11/11/2004 | S | S | S | 0.00 | 0.00 |
| 2 | 05/06/2005 | MU | S | MU | 2.79 | 0.25 |
| 3 | 12/21/2005 | MU | | MU | 3.96 | 0.00 |
| 4 | 05/19/2006 | MU | S | MU | 5.02 | 0.94 |
| 5 | 06/29/2006 | MU | S | MU | 5.66 | 1.04 |
| 6 | 12/21/2006 | MU | S | MU | 6.95 | 1.42 |
| 7 | 06/27/2007 | MU | MU | MU | 10.12 | 1.93 |
| 8 | 12/18/2007 | MU | MU | MS | 11.89 | 2.23 |
| 9 | 06/09/2008 | MS | S | MS | 14.51 | 2.82 |
| 10 | 12/30/2008 | MS | S | S | 19.40 | 2.91 |
| 11 | 06/22/2009 | MS | S | S | 21.20 | 3.12 |
| 12 | 12/12/2009 | MS | S | MS | 22.23 | 3.25 |
| 13 | 06/26/2010 | MS | S | MS | 23.10 | 3.40 |
| 14 | 03/27/2011 | MU | S | MS | 24.91 | 3.58 |
| 15 | 10/29/2011 | MU | S | MS | 26.20 | 3.86 |

H. Restructuring (if any)

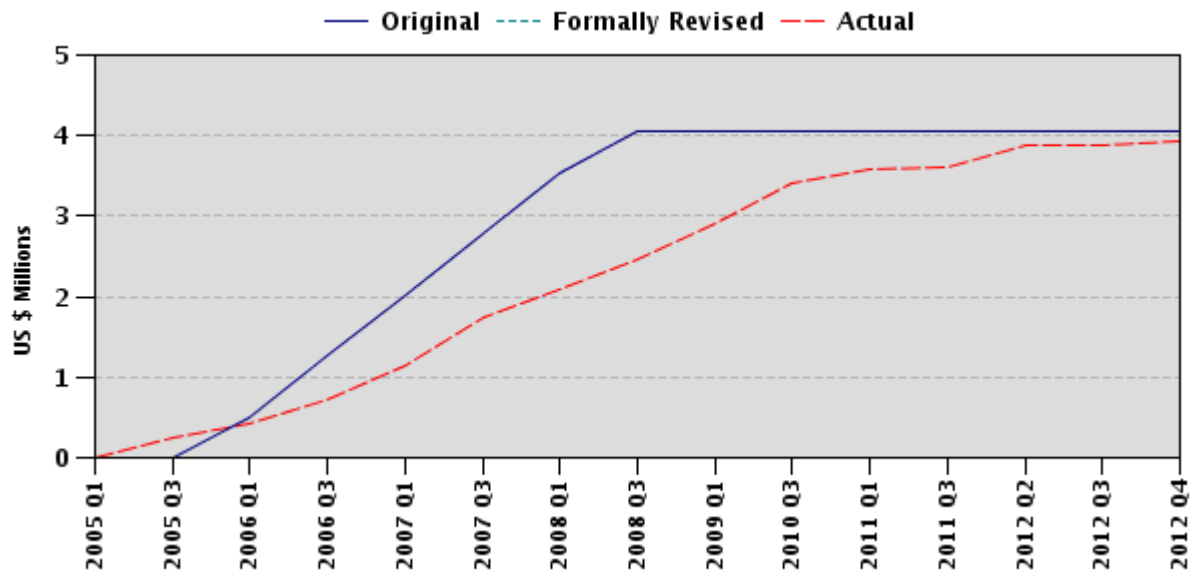
| Restructuring Date(s) | Board Approved | | ISR Ratings at Restructuring | | | Amount Disbursed at Restructuring in USD millions | | Reason for Restructuring & Key Changes Made |
|-----------------------|----------------|------------|------------------------------|-----|----|---|-----------|---|
| | PDO Change | GEO Change | DO | GEO | IP | Project1 | Project 2 | |
| 06/22/2007 | | | MU | | MU | 10.12 | | |
| 06/22/2007 | | | | MU | MU | | 1.93 | |

I. Disbursement Profile

P071407



P074258



1. Project Context, Development and Global Environment Objectives Design

1.1 Context at Appraisal

1. **Country economic context:** Zambia is a relatively large (750,000 km²), landlocked country, well endowed with natural resources across a diversity of ecosystems (forest, woodland, grassland, aquatic and anthropogenic biomes). The country has large deposits of semi-precious and precious gemstones, over 42 million hectares of arable land, ample renewable water resources, with substantial potential for agriculture production, processing and trade. Taken together this natural endowment offers the potential for a diversified and export-orientated economy. A wealth of wildlife and a range of biodiversity areas suggest significant potential for nature-based tourism. Despite the preponderance of natural wealth, and areas with the potential for growth and investment, the country has not managed to reduce its dependence on the copper sector, with copper exports continuing to account for more than 70 percent of Zambia's foreign exchange earnings. Economic growth remains strongly correlated with the international market price for copper and is subject to volatility and external price shocks. Dependence on the copper sector is further complicated by a continuous decline in Zambian copper production since 1970. Through the course of the last fifteen years, diversification of the economy through enhancing the performance of the tourism, agribusiness and gemstone sectors has been slow, in part a consequence of an unfavorable investment climate, weak public and private sector agencies, inadequate infrastructure (transport, communication) and relatively weak human capacity.

Rationale for Bank/GEF assistance

2. **Preparation and design:** As a result of the copper crises of 2002 (a consequence of declining copper prices, and disinvestment), the Bank focused its activities on the need for economic diversification. The project was consistent with the then Country Assistance Strategy (CAS) that emphasized economic growth and diversification. The finalization of the Poverty Reduction Strategy Paper (PRSP) coincided with the withdrawal of Zambia's largest copper producer, Anglo-American in 2002, underlining the importance of reducing Zambia's dependence on copper extraction, and the stimulation of growth through diversification of both production and exports. In light of Zambia's rich and unexploited natural resources, the CAS and PRSP both identified tourism, agribusiness and gemstones as potential sectors for growth.

3. In 2003 the Government of the Republic of Zambia (GoZ) commenced the preparation of a US\$4 million Global Environmental (GEF) grant from the World Bank (WB) as well as complementary funding from the Government of Norway (NOK; 80 million) and the International Development Association (IDA; US\$8.78 million) to enhance the potential for nature tourism through: (a) improving biodiversity conservation and management of two potentially high tourism value national parks, the Mosi-o-Tunya National Park (MNP) and the Kafue National Park (KNP), (b) supporting the implementation of the Zambian Wildlife Authority's (ZAWA) first strategic plan with a shift towards Public-Private Partnership (PPP) and a cost-center approach for its national parks, and (c) to foster Game Management Areas (GMA) as part of a broader protected area management approach.

4. The principle objective was to improve Zambia's capacity to conserve critical species, habitats and ecosystems, and to support and improve the livelihoods of people living in surrounding areas. The project design envisaged a holistic approach to park management, integrating six park management themes/sub-components in KNP and MNP, while focusing the largest share of funding towards improving management of the biodiversity-rich KNP. The project's interventions in each park comprised six support areas tailored to the needs of each park: (i) park administration and management, (ii) wildlife research and monitoring, (iii) resource protection, (iv) infrastructure development and maintenance, (v) PPP and business development, and (vi) Community Based Natural Resource Management (CBNRM). The project's life span would comprise an initial five-year implementation period with the potential for a subsequent second five-year phase.

5. The project was initially envisioned to address only tourism in protected areas (PA), but was revised in order to accommodate Government's objective to reduce economic vulnerability through a diversification of its sources of growth. Sectors identified for development included agribusiness and gemstones. The tourism component was expanded to include three inter-related areas: (i) tourism national/regional (focusing on tourism licensing reform through legislative reform and operationalization of a One Stop Shop in Livingstone), (ii) tourism infrastructure improvement in Livingstone City and the (iii) tourism protected area sub-component in the KNP and MNP. A US\$2 million Project Preparation Facility was put in place for project preparation. A World Bank technical team worked closely with the GoZ's inter-ministerial project preparation team (PPT) as well as members of the Government's Diversification Task Force, several donors and representatives of the private sector. A World Bank technical preparation mission visited Zambia 30 June-15 July, 2003 to finalize technical discussions on the design of the project.

1.2 Original Project Development Objectives (PDO) and Key Indicators (as approved)

6. The original PDO was to help reduce the vulnerability of the Zambian economy to shocks by supporting the diversification of its sources of growth.

1.3 Original Global Environment Objectives (GEO) and Key Indicators (as approved)

7. The original GEO was to reverse biodiversity erosion in Kafue National Park and Mosi-o-Tunya National Park and its surrounding areas.

1.4 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justification

8. The revised PDO (2007) was to improve the business environment for (i) sustainable tourism in the greater Livingstone area; and (ii) the gemstone sector.

1.5 Revised GEO (as approved by original approving authority) and Key Indicators, and reasons/justification

9. The GEO was not revised.

1.6 Main Beneficiaries

10. The primary beneficiary group as identified in the Project Appraisal Document (PAD), consisted of formal and informal enterprises (such as the private sector at the national level, around Livingstone and MNP and KNP, identified mining areas) as well as communities living in the communal areas and GMAs surrounding the KNP and MNP. Global benefits were expected to accrue through the protection of universally valuable ecosystems and the conservation of significant biodiversity species that, in the absence of the intervention, would otherwise have become more endangered. Although ZAWA was not listed in the PAD as a primary beneficiary, the project interventions targeted ZAWA directly as the most important wildlife estate service provider and it aimed to improve ZAWA's regional and park management performance. Community beneficiaries would be targeted primarily through Community-Resource Boards in the KNP surrounding GMAs.

1.7 Original Components (as approved)

11. The original SEED Project consisted of four components:

12. **Tourism and Protected Areas:** This component was, in turn, divided into two main areas – tourism and protected area management. The tourism component was further divided into three sub-components:

- (a) Policy, regulatory and institutional support to the Ministry of Tourism, Environment and Natural Resources (MTENR) and its agencies;
- (b) Investment in tourism and capacity building to support the tourism industry in the Livingstone area; and
- (c) Infrastructure development for Livingstone and institutional support for Livingstone City Council (LCC). The protected area sub-component covered biodiversity restoration in MNP and KNP and capacity building for ZAWA.

13. **Agribusiness Sector Development:** This component was envisioned to increase the competitiveness and value-add of the agribusiness sector by:

- (a) Supporting and accelerating the development of supply chain linkages from farm to market;
- (b) Improving quality and safety codes of practice; and
- (c) Encouraging new product development.

14. **Gemstone Sector Development:** This component was comprised of two sub-components:

- (a) Strengthening transparency and governance in mining through the formulation and adoption of a mining sector development policy; amending the Mining and Minerals Act and complementary regulations; strengthening the managerial and technical capacity, and the financial sustainability of mining bureaus in two pilot areas serving

- emeralds and amethyst extraction, Kitwe and Livingstone respectively; providing formal training to small scale miners; and establishing a modern and transparent mining cadastre;
- (b) Strengthening supply chains through assistance to small-scale and artisanal mining organizations and dependent communities; establish the institutions to improve trade conditions for gemstones; and strengthening the representative industry organizations.

15. **Implementation and Capacity Building:** This component provided support to the Project Coordinating Unit (PCU).

1.8 Revised Components

16. Poor engagement and low levels of demonstrated interest on the part of the Ministry of Agriculture and Cooperatives (MAAC), in the first year of project implementation, led to the dropping of the agribusiness component in 2005 and its subsequent incorporation into the new Agriculture Development Support Project (ADSP). It was also recognized that the comparative complexity of the project was impeding implementation of the ADSP. Following project restructuring, concluded in August 2007, funds from the agribusiness component were reallocated to other components.

17. **The Tourism Component** was simplified to focus all activities towards achieving a more targeted PDO. The redesigned component incorporated three mutually reinforcing subcomponents:

- (a) **Improving the national business environment for tourism** through the development, communication and implementation of the new Tourism and Hospitality Act and related statutory instruments. It was envisioned that the development of a robust legislative framework, and twinned capacity building essential for the successful implementation of the Act , would ease the cost of starting and operating tourism related businesses in support of achieving the PDO;
- (b) **Improving the business environment for sustainable tourism in the Greater Livingstone Area:** associated activities focused on supporting the rehabilitation of priority infrastructure for tourism in Livingstone, including the establishment of a the One Stop Shop (OSS) for licensing tourism businesses, and the development and implementation of a Tourism Plan. The focus on providing priority infrastructure, both “hard” (roads, street lighting, drainage and refurbishment of historical buildings and a park) and “soft” (improving the efficacy of the licensing process, enabling the development and implementation of a locally driven tourism plan, and supporting small businesses to gain access to the tourism economy), the project would facilitate the development of a more broad-based, competitive and sustainable tourism industry, with competent and strengthened industry associations; and
- (c) **Facilitating development of sustainable tourism in Kafue National Park (KNP):** This subcomponent continued to seek improvement of park infrastructure, management and biodiversity conservation to enhance the tourism potential of KNP and to attract private investment. KNP was one of the four potential flagship tourism

destinations whose development was identified as a priority under the Fifth National Development Plan. The restructured project only supported KNP, with MNP dropped from the revised sub-component.

18. **The Gemstone Component** was retained in its original design. However, the key performance indicators were revised in an effort to more accurately measure improvements in support of the PDO. The outcome objective of this component was revised to “improving the business environment for the gemstone sector”.

19. **The Implementation and Capacity Building** component was restructured to become a Project Management Unit Component. New implementation arrangements aimed to increase accountability for results, improve project management and ensure efficient use of resources.

1.9 Other significant changes

20. The project was extended by two years.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

Strategic Approach

21. **Overall SEED.** Project preparation for SEED initially envisioned a tourism project with the concurrent goal of facilitating the development of the tourism industry and environmental protection (zoning and protection of some national parks). As a result of the copper crises of 2002 (i.e., declining copper prices, pulling out of Anglo-American from the largest copper mine in the country) the focus of the Bank shifted to the urgent need to support economic diversification. As a consequence the project was significantly revised and it became an ambitious flagship project incorporating the gemstones and agribusiness sectors, and solid waste disposal in Livingstone. A SEED decision meeting in November 2003 noted that SEED as a diversification project with four components and three sectoral areas (tourism, agribusiness and gemstones), implementation would be significantly more complex and incorporate new risks to the achievement of the PDO. The appraisal team also noted low levels of Government ownership and capacity as a further risk to the project. The decision meeting also highlighted the impact of the reorganization of the project on sustainability, especially with regard to the importance of the role of the Livingstone City Council (LCC) with regard to the infrastructure sub-component of the project, and the need for support to ZAWA under the protected areas sub-component.

22. **Protected Areas.** Bank and GEF involvement was underpinned by the importance of the nature-based tourism for Zambia’s economy and the importance of Zambia’s largest and oldest National Park, the KNP and its biodiversity assets. The tourism and protected area component was designed to rehabilitate the degraded national park, utilizing a holistic and integrated approach to protected area management. As a consequence, the project focused simultaneously on resource protection, park administration and management, wildlife resources research and monitoring, as well as infrastructure development, tourism development and community involvement in GMAs. By supporting two national parks, the KNP and the small MNP, the

project aimed to support the development of the so-called “Western Circuit” connecting the Victoria Falls with the KNP, Government’s priority area for tourism development. Other SEED tourism sub-components were intended to enhance private sector initiatives in the tourism sector through the establishment of a OSS for the streamlining of licensing and other procedures necessary for the establishment of new tourism enterprises, as well as improvements to public infrastructure in Livingstone City to better serve the tourism industry.

Lessons Learned reflected in the project design

23. **Overall SEED.** The ICR notes that the project was originally designed in line with the priorities of the country and Bank at the time of preparation. A Quality of Supervision Assessment (QSA) conducted by the Quality Assurance Group (QAG) reached a similar conclusion. Building on a Bank-supported initiative to encourage privatization in the copper industry, the Government accepted the Bank’s advice to diversify the economy, and the SEED project was envisioned as a flagship tool by the Bank and was approved despite clear reservations relating to the complexity of the design. This factor, this ICR notes, precluded the incorporation of some lessons learned in the project design. Thus the project turned out to be a poor remedy for what ailed the economy at the time and with hindsight, the pulling out of Anglo American and the design of the project should have been de-coupled. While the project drew on limited lessons learned from work implemented through the mining component of the ERIPTA project and various interventions under the auspices of Economic Sector Work (ESW)¹, more attention should have been paid to issues around the political economy, especially around mining and specifically the gemstone sector. Lessons learned were also incorporated from Norway’s long-term support to ZAWA for the rehabilitation of the South Luangwa National Park where incentive-based resource protection management systems were coupled with a detailed monitoring system of the park’s resources. Lessons from other Bank/GEF projects in the tourism sector were not referred to, as the limited number of comparator projects were all still in the process of being implemented.

24. **Consistency.** The project was fully consistent with Bank’s CAS and Zambia’s PRSP which both emphasized economic growth and diversification, and identified tourism, agribusiness and gemstones as potential growth sectors. The project was also consistent with Zambia’s biodiversity and tourism development priorities, GEF’s operational programs on biodiversity, and ZAWA’s first Strategic Plan (2003-2007).

25. **Risk assessment.** Risk identification was comprehensive. However, the extent of these risks was under-appreciated, particularly with regard to Governments’ poor commitment and ownership of the project at a macro level, and ZAWA’s limited implementation capacity at micro-level. The complexity of the project design in terms of multiple sub/components and implementation arrangements was not identified as a risk to the project. Most risks identified at project preparation were realized through the course of implementation, including: (a) a restrictive administrative, policy, legal and economic environment for investment in the tourism and wildlife sector; (b) limited participation on the part of the business community in tourism

¹ *Inter alia*, a report on privatization, The Challenge of Competitiveness, Investment Climate Assessment and the Foreign Investment Advisory Services (FIAS) Study on Administrative Barriers.

development; (c) insufficient government commitment to the tourism and wildlife sectors, and to ZAWA to the detriment of its the sectors financial sustainability and development; (d) poor governance of the wildlife sector; and (e) low levels of participation and support from local communities exacerbated by failures on the part of GMAs to distribute revenues. The PAD articulated overall risk as modest (M); a more accurate assessment would have identified overall risk as substantial (S). Mitigation measures should have been more clearly defined and more rigorously monitored and reported.

26. The design team tried to mitigate identified risks by: (a) establishing an inter-agency steering committee; (b) the use and roll-over of the Zambia Economic Recovery and Investment Promotion Technical Assistance Project's (ERIPTA) PCU;² (c) ensuring supplemental training for implementing agencies; and (d) supporting the development and implementation of business plans by LCC and ZAWA to strengthen medium term financial independence and to bolster the sustainability of programs associated with the project.

27. **Adequacy of participatory process.** The preparation process was carried out in a participatory manner, incorporating input from all key stakeholders including the Ministry of Tourism, Environment and Natural Resources (MTENF), Ministry of Mines and Minerals Development (MMMD), Ministry for Local Government and Housing (MLGH), Ministry of Agriculture and Cooperatives (MAAC), the LCC, ZAWA, development partners and the private sector. The design team undertook a number of visits to Zambia including a technical preparation mission in 2003 that worked closely with the Government's inter-ministerial project preparation team (PPT), met with senior GoZ officials, members of the Diversification Task Force, several donors and representatives of the private sector. Local communities residing in GMAs surrounding the KNP and the MNP were not directly consulted during project preparation, as the project focused its primarily on supporting the national parks themselves. Moreover it was envisioned that support to the GMA's would primarily be derived from the Norwegian co-financing as well as other partners (Denmark and WWF).

2.2 Implementation

28. **Project performance before restructuring.** The first phase of project implementation of the SEED project as well as the ZAWA-led tourism protected areas sub-component (September 2004 – early 2008), progressed in a moderately unsatisfactory manner. Implementation of annual work plans was poor, as a consequence of low levels of capacity, especially with regard to procurement and contract management, and overly ambitious work plans.

29. The first SEED supervision mission, conducted in December 2004, identified poor commitment and leadership on the part of government as a key impediment to the achievement of the PDO and GEO. While the PDO, GEO and Implementation Performance (IP) rating were initially rated as satisfactory, the PDO and IP indicators were downgraded in light of a significant deterioration in performance to moderately unsatisfactory after the second supervision mission in March 2005. At the time of the second supervision mission, only the gemstones

² Critically, the PCU was rated in the ERIPTA ICR as Moderately Unsatisfactory. Moreover there was no review of the PCU to assess its performance prior to the extension of its life span under the auspices of the new project, undermining the relevance and impact of this risk mitigation measure.

component was assessed as ready for implementation. The draft aide memoire of December 2005 outlined the Bank's concerns and highlighted the deterioration in implementation performance of the PDO and GEO. While MTENR disagreed with the substance of the Bank's observations with regard to government performance, the MTENR attempted to resolve these issues by appointing the Permanent Secretary of MTENR as chairperson of the SEED Steering Committee and initiated weekly meetings on the part of the Steering Committee. The MTENR acknowledged the need to restructure the project in order to resolve the situation.

30. **Project performance after restructuring.** A formal restructuring process was initiated in 2006 and completed in June 2007. The primary reason underlying the extended period required for restructuring, was the extensive process of consultation with stakeholders to the project buy-in and ownership of the restructuring process was deemed critical to successful implementation. Subsequent to the restructuring, the GEO, PDO and IP aspects of the project were more positively evaluated: GEO (S), PDO (MS) and IP (MS). The GEO rating remained Satisfactory throughout the course of the projects life. However, the PDO indicator deteriorated to MU and the IP rating improved to Satisfactory then deteriorated to MS through to the close of the project. Disbursement levels increased substantially during the final year of implementation. By project closure, 100 percent of the IDA credit and 99 percent of the GEF Grant had been successfully disbursed.

31. **Quality of supervision assessment (QSA7).** A QSA7 was carried out in September 2006. The QSA rated overall supervision during the first two years (prior to restructuring) as satisfactory, and the focus on development effectiveness as highly satisfactory. Supervision of fiduciary/safeguard, the adequacy of supervision inputs, processes, candor and quality of the ISR were all rated satisfactory. The QSA highlighted the ambitious and complex nature of the project design. A specific concern related to the tourism protected area component which in turn integrated six sub-components to be implemented in two national parks, under the diffuse responsibility of the ZAWA HQ, the ZAWA HQ office for the Western Region and the Area Management Units (in the case of KNP involving 2 AMUs). Quality at entry was evaluated as unsatisfactory (5), quality of the results framework as moderately satisfactory (3), implementation readiness at approval, moderately satisfactory (4), the PAD's initial risk rating of M as over optimistic, and the overall identification of risks at entry as unsatisfactory (5).

32. **Project management arrangements.** The initial PCU, located within the Directorate of Tourism under the legal authority of the MTENR, was tasked with overall SEED coordination. As a result of project restructuring in 2007, the PCU was transformed into a project management unit (PMU). The new PMU structure, and implementation arrangements were meant to foster increased accountability for results, improved project management and ensure more efficient and productive use of resources. The project institutional arrangements were mainstreamed, to the extent possible at the time, within the three national implementation agencies (ZAWA, LCC and the Directorate of Tourism/SEED PCU). The main features of the restructured PMU were:

33. The existing PCU was changed to a PMU. Roles and responsibilities were modified to ensure a single point of management and accountability for the entire project, and encourage the effective utilization of resources to deliver project results.

34. The PMU was led by a Project Manager, who reported directly to the Director of Tourism Development at the MTENR. The Director of Tourism Development served, additionally, as Secretary to the Steering Committee. The Project Manager was made accountable for management of all implementation activities and delivering results, including the supervision of procurement and financial management services provided to SEED component managers.

35. Project components and subcomponents mirrored this arrangement, with component/subcomponent managers accountable for resource use and delivery of results, reporting directly to the Project Manager.

36. The Steering Committee was retained as defined in the original PAD, under the chairpersonship of the Permanent Secretary for MTENR. The Project Steering Committee comprised the Permanent Secretaries from MLGH, MMMD, and the Ministry of Finance and National Planning (MoFNP), the Livingstone City Council Town Clerk, Director of Tourism, and the Director of the Tourism Council of Zambia. The Project Steering Committee meetings were planned to be held quarterly until project performance was upgraded after which meetings were to be held on a bi-annual basis to (i) approve annual work plans; and (ii) review progress towards outcomes.

37. In analyzing the efficacy and efficiency of the transformation of the PCU into a PMU, it is worth noting that restructuring of the PCU is positively correlated with improvements to the IP rating: MU for the period spanning the commencement of the project through December 2007; thereafter the rating improved to S, before a final assessment of MS at the close of the project. Moreover the SEED MTR of 2009 cited significant improvement in the project's Monitoring and Evaluation (M&E) to the benefit of overall project management, albeit that M&E improvements related mainly to monitoring expenditures and activities and not to impact monitoring. Project management was rated as S at project closing. These improvements can be largely attributed to the introduction of accountability for results regime integral to the restructuring of the PCU into a PMU. Procurement functions similarly improved, although the overall procurement rating was negatively affected by the procurement performance of ZAWA and MMMD. The initial and the final implementation arrangements involving a separate Lusaka-based PMU were however, judged by some implementers as inefficient resulting in perceived review delays and slowed approval of project management documents (progress reports, annual work plans, procurement plans, procurement etc). This could be attributed the higher degree of accountability enacted through the new PMU as well as a concurrent perception of a loss of independence on the part of some personnel under the new management arrangement.

38. **Mid-term review.** A Medium Term Review (MTR) of the overall SEED project was carried out in 2009. The MTR found that overall progress towards achieving the development objective had improved slightly from MU to MS after restructuring in 2007. Progress towards achieving the PDO remained at MS throughout the period following restructuring, but was downgraded to MU in the final year of implementation. Implementation performance was assessed as having improved from MU to S at MTR. Key recommendations arising from the MTR included: (a) the creation of legal framework for streamlining and decentralizing licensing for businesses; (b) the implementation of costed, time-bound action plans to expedite tourism licensing, in a cost-effective and efficient manner; (c) the provision of additional support to the cadastre unit; (d) the suspension (later lifted) of all support to the two mining associations until

the completion of all outstanding work; (e) the provision of tailored training targeting small-scale miners; (f) the recommendation to conduct a post-implementation diagnostic review of the mining cadastre; and (g) a recommendation to defer the establishment of a gemological institute and the reallocation of such resources in support of the cadastre unit (this activity was later cancelled altogether). While all the MTR recommendations relating to the gemstone component, i.e., (e) to (h) were addressed by project end, the recommendations relating to the tourism component had not been realized.

39. A joint Norwegian-World Bank MTR of the Protected Areas component took place in May, 2007. This independent review was carried out by consultants³ funded by the Government of Norway was integrated into the MTR.

40. **Staff Turnover.** The project experienced a high staff turnover through the seven years of implementation as demonstrated below:

- (a) Project Manager –three persons.
- (b) Financial Management Specialist –two persons.
- (c) Monitoring and Evaluation Officer –four persons.
- (d) Project Accountant –four persons.
- (e) ZAWA’s regional manager - three persons.
- (f) KNP’s park wardens per AMU – each held by two different persons.

41. High staff turnover was driven by a number of factors including remuneration, non-performance, poor management oversight and the overall quality of staff. The lack of performance-based contracts and the absence of institutionalized mechanisms for performance evaluation contributed to an environment wherein staff could not be held to account for non performance. In the case of the departure of the project manager and M&E officer, turnover resulted in higher quality staff being recruited to those positions towards the end of the project. In other instances high performing staff were lost to other projects.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

42. **Design of project M&E.** According to the PAD, the PCU did not initially include an M&E officer but earmarked limited financial resources towards M&E. The PCU was responsible for carrying out M&E and for preparing quarterly progress reports. The project preparation manuals did not include a specific M&E manual although reference to M&E was included in the project implementation manual (PIM). In 2004, ZAWA designed its own M&E system but the SEED PCU did not. The lack of a coherent and integrated M&E system project as a whole persisted until restructuring 2007, severely undermining the ability of government to generate the information required to effectively monitor progress with regard to outcome and intermediate indicators. A comprehensive M&E framework designed and owned by Government, with support from the World Bank was identified as a priority, and it was hoped that the restructuring process would result in a new M&E framework, but the M&E Officer failed to follow through. In 2008, a year following the restructuring initiative, a SEED M&E plan and manual was developed. In 2009 a new M&E Officer, with significant skills and expertise, was recruited, and

³ Mid Term Review of the Programme of the development of Kafue national park as a model of sustainable economic use and biodiversity conservation in a management extensive environment: KNP project, Norad 2008/July, Vernon Booth, Egret Chanda Lengwe, Erik Whist and Tadg Wixted

the manual revised and streamlined. M&E of the tourism and gemstone components was carried out by the PMU M&E officer working closely with the technical coordinators for tourism and gemstones. The KNP subcomponent of M&E was entirely overseen by ZAWA. Following the implementation of the new M&E framework in 2009, more detailed data became available for tourism and mining license indicators (including total number, time taken per license and average time) as well as improved measurements for the efficiency of the issuing of mining license as a consequence of improved monitoring of the cadastre system. The frequent turnover of the M&E officers served to weaken this function.

43. Implementation and utilization of M&E in Tourism and Gemstone Components. M&E for the tourism and gemstone components was coordinated by the PMU through its M&E officer. Data on the national regional tourism subcomponent was obtained from SEED quarterly reports, and through the tourism development advisor. Data on the LCC infrastructure subcomponent was compiled by the resident engineer. M&E of the gemstone component presented a particular challenge due to difficulties in collecting data relating to mining license application-processing times and unutilized mining licenses. Delays in procuring this data were primarily related to the lack of a functioning Cadastre. The 2009 MTR recognized the need to strengthen the collection of mining license indicators and the need to monitor the efficiency of the now functional cadastre system and the efficiency of the Mining licensing committee. Towards the end of the project a significant improvement in M&E was achieved.

44. Implementation and utilization of M&E at park level and GMA. M&E for the protected area (PA) tourism sub-component was to be carried out on the basis of information collected and compiled by each park warden before consolidation by ZAWA's HQ research planning and information directorate. ZAWA's monitoring was then intended to feed into SEED's project performance monitoring system. The private sector, moreover, was expected to participate in M&E activities. The natural resource monitoring system established by the project (aerial survey, vegetation survey, park revenue, fire monitoring, law enforcement, patrol coverage, etc.) assisted ZAWA in building a park specific monitoring system based on the principles of adaptive management and complemented ZAWA's emerging monitoring program at HQ. Thematic monitoring maps are now displayed in the park management control rooms and are utilized to inform park operations. The project assisted in developing monitoring systems for ZAWA's protected area natural resource and resource use monitoring such as fire monitoring, fish harvesting, safari hunting, vegetation monitoring as well as law enforcement effectiveness. Not all of these systems were effectively implemented during the project lifespan, specifically with regard to fish and partly with regard to fire monitoring systems. Additional monitoring systems such as the Management Effectiveness Tracking Tool (METT) were applied on an annual basis but the quality of the assessment would have benefitted from a more rigid and formalized review process involving external and internal park staff. ZAWA's annual progress reports provided detailed and adequate information on performance regarding defined indicators and annual work plan implementation.

45. Restructured results framework. The ICR team noted that the GEO and the KNP contribution to the PDO were consistent in their rating. There was a divergence between the GEO and KNP rating with the rest of SEED. Revisions in the results framework of the PA tourism component was aimed at improving M&E of the structure of the PA tourism component as a whole by focusing on park management, infrastructure development, and business

development. This was included in the framework by adding concise intermediate impact indicators for park management, wildlife monitoring and research and infrastructure development. The restructuring process did not revise the GEO and thus the mention of MNP was kept in the GEO even though there was no reporting of MNP indicators after 2006.

46. **Using identical reporting requirements.** The project benefitted from a joint supervision and reporting agreement concluded by ZAWA, the Government of Norway and the Bank. During the lifetime of the project, ZAWA used only one results framework, issued one annual progress report to the primary partners, and all supervision missions including MTR were carried out and documented jointly by the Government of Norway and the Bank (including the ICR process).

2.4 Safeguard and Fiduciary Compliance

47. **Environmental Safeguards:** The project was classified as environmental category B and triggered the following safeguard policies: OP 4.01, OP 4.04, OP 4.09, OPN 11.03 and OP 4.12. The project complied with these safeguard policies.

48. **Environmental Assessment:** The project has complied with all requirements under OP/BP 4.01 including those for the methodology and content of the EA, the EA rating and timing, and the EA consultation process. During preparation, an Environmental Management Plan was prepared for the two parks.

49. **Natural Habitats:** The primary purpose of the OP 4.04 is to ensure that Bank-supported project cause no harm to natural habitats, and prohibits support for projects that lead to the significant loss or degradation of any critical natural habitats as defined in the policy. There were no identified project interventions that could cause any harm to, or loss of, such habitats.

50. **Involuntary Resettlement:** The project developed a Resettlement Policy Framework (RPF) for involuntary resettlement of residents of the two parks and a Process Framework for local determination of any restriction on access to natural resources. A Resettlement Action Plan (RAP) was prepared to guide resettlement of the inhabitants of a village called Imusho located within the MNP. Guided by the RAP, resettlement took place prior effectiveness. It included adequate compensation as determined by a Bank social specialist. An additional Bank safeguard specialist reviewed the safeguard compliance in the Namwala GMA in March 2011. In this GMA people were displaced from the GMA conservation zone after an instruction issued by the land chiefs. The Bank concluded that there was no issue of non-compliance with Bank safeguards. According to the policy on Involuntary Resettlement of the World Bank, “the policy does not apply to restrictions of access to natural resources under community-based projects” as long as “all that it provides for identification of appropriate measures to mitigate adverse impacts”, which was the case with Namwala GMA. A RAP of Mukuni Park was also successfully carried out.

51. **Pesticide Management Plan:** The plan was made obsolete because the agribusiness component was dropped as a result of the 2007 restructuring.

2.5 Post-completion Operation/Next Phase

52. **Tourism Component.** Despite the closing of the SEED project, there still exists a substantial agenda for reform in both the Zambian tourism and mining sectors. In tourism, a range of constraints impede the competitiveness of the tourism industry, and require urgent attention if Zambia is to successfully compete with Zimbabwe and other countries in the region. A continued priority is the need to enact and operationalize an enabling and transparent legal and regulatory environment⁴ and the need to encourage both domestic and foreign investment in tourism through a streamlined and decentralized licensing regime. During the final implementation support mission in November 2012, the government requested an additional extension to the project and for the Bank to provide additional funding in support of the tourism sector. This request from Government should be seen in the context of the new Government's declaration of Livingstone as Zambia's Tourist Capital and its new plans to move the provincial headquarters of Southern Province to Chomo in order to increase the focus of tourism to Livingstone. The recent, unexpected withdrawal of support on the part of the Millennium Challenge Corporation (MCC) to the KNP has left a large financing gap that Government is anxious to fill. While the Bank completely endorses the GoZ's commitment to tourism as a means of job and wealth creation, the Bank will respond the request in the context of an ongoing dialogue with government on a broader agenda (including finance and private sector issues) so as to better understand its priorities and how best to support those priorities. In terms of the broader business licensing reform agenda, the World Bank Group, through the IFC, is initiating a new US\$ 2.3 million Zambia Investment Climate Program to improve the legal and regulatory environment for doing business in Zambia.

53. **Protected Areas Component.** The project initiated important investments to KNP that have delivered a number of important achievements. However, some important issues relating to financial sustainability and infrastructure development will need to be improved upon. To sustain the improvements in the management of KNP and an environment conducive to further achievements in improved management, ZAWA will need to engage its partners in securing further support including the following:

54. Supporting the sustainability of KNP. Critical to the sustainability and development of KNP is further consolidation and improvement of the park's the Business Centre initiative. The maintenance of the project supported KNP infrastructure investments (airstrips, staff houses, gates, offices, bridge) will depend in large part on the revenues generated within KNP and recovered by the KNP Business Center. By time of the ICR, the KNP 2011 revenues of US\$ 1.3m covered less than 50 percent of operational costs.

55. ZAWA needs to successfully broker further partners in support of the management of KNP, and generate further private sector tourism investment. In support of these ends it is essential to properly invest in the rehabilitation of park infrastructure. Improving and expanding the stock of all weather roads to accommodate and encourage increased tourism within the park are fundamental.

⁴ A group representing the tourism industry met in 2009 to identify key constraints and generate consensus about the reform agenda.

56. Support an effective law-enforcement system. A strong and consistent law-enforcement system is crucial to the protection of KNP resources, and to the management of KNP ecosystem. KNP's wildlife, its diversity and abundance is the main driver of the tourism industry in the area. The park has managed to build its resource protection team, and this will need to be sustained. However resource protection is a complex activity, linked to a range of external and internal factors including, but not limited to, wildlife laws, government support, community support, access control, patrol coverage, monitoring of effectiveness, leadership and discipline, the relationship with police and magistrates. Records from 2009 show a decline in patrol man days, while the 2011 aerial survey demonstrated evidence of an increase in encroachment and poaching activity, as well as increases in the population and development of surrounding districts and villages. These challenges will require further strengthening of the KNP Resource Protection Unit, allowing it to adapt and be prepared for the twinned pressures of poaching and encroachment.

57. **Gemstone Component.** The review and operationalization of a Mining and Minerals Act – and subsidiary legislation/institutional changes - that would streamline the licensing process is critical to the further development of the gemstone sector. Concurrently the mining cadastre regulations need to be revised to enable the Mining Cadastre Department to retain a percentage of the non-tax revenue it collects to finance mining operations and introduce transparent data collection for effective monitoring of the licensing process. The Mining Basket Fund is supporting further steps to finalize the draft Bill for parliamentary submission and develop regulations to help support it, including cadastre regulations.

58. The GoZ has communicated that a sustainability strategy will be included in its 2012/2013 budget. This strategy includes a review and operationalization of the Tourism Policy and Tourism and Hospitality Bill, operationalization of the Livingstone OSS and operationalization of the Mining Cadastre, in support of the tourism and gemstone sectors. The LCC will need to maintain and sustain investments in infrastructure (roads, street lights, sidewalks and drainages) initiated under the auspices of the SEED, and it is important that the LCC generate sufficient revenue to enable such investments.

59. **Cooperating Partners:** Strong partnerships were initiated in support of the tourism component. USAID is engaged in ongoing support to the Patents and Companies Registration Agency (PACRA), a key agency in business registration and licensing reform, which will be responsible for operating the Livingstone OSS. DFID Zambia worked closely with the World Bank on the Jobs, Prosperity and Competiveness (JPC) program that funded a tourism study to reinforce the SEED PDO, as well as funding for studies of the mining sector, and additional activities that supported the preparation of draft legislation. The Bank worked closely with the EU in developing the gemstone component, specifically with regard to supporting the development of the Mining Cadastre and support to small-scale mining enterprises. The Bank worked closely with the IFC, encouraging and supporting their engagement on the broader business licensing reform program. The Protected Areas component was co-financed by the Bank and the Government of Norway, and was until recently working with the US Millennium Challenge Corporation on a US\$ 160million proposal for a “Greater Kafue Economic Development Project” (GKED) to support infrastructure development in the greater Kafue National Park (gKNP). The project was dropped in November 2011 by MCC in favor of a single

compact for the Lusaka Water Authority. The decision to discontinue the preparation of the gKED project is largely attributed to a weak policy and institutional environment that undermines investment and expansion in the tourism sector (delays with the revision or endorsement of Zambia's wildlife policy and wildlife act as well as the tourism policy and tourism act); an unsatisfactory cost-benefit analysis of proposed large-scale investments in KNP; and an unrealistic implementation period of five years for the achievement of intended results. The UNDP/GEF reclassification project (REMNPAS) has been extended until September 2012 and is supporting ZAWA's institutional reform, ongoing capacity building and reclassification of Zambia protected areas.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

60. **Original PDO.** The Project's original PDO was “*to help reduce the vulnerability of the Zambian economy to shocks by supporting the diversification of its sources of growth*” The PDO relevant to priorities of the country and the Bank priorities at the time of project preparation. At the outset, the project encountered several challenges in achieving the original PDO, reflecting the general difficulties and challenges relating to the implementation of structural reforms and poor government ownership of the process, capacity weaknesses and low levels of political will and accountability. It could also be argued perhaps, that the challenges encountered in achieving the original PDO might have been due to the fact that “reducing vulnerabilities to shocks” is a short term macroeconomic issue that a project such as seed cannot address. This remains a significant challenge to the diversification of the economy in Zambia. The design and implementation of the project was also relevant in meeting the specific objective that it was designed to address, i.e., *to help reduce the vulnerability of the Zambian economy to shocks by supporting the diversification of its sources of growth*. Based on above, overall relevance rating of original PDO is Satisfactory.

61. **Revised PDO.** The PDO was revised through the course of restructuring in 2007 to read “*To improve the business environment for (i) sustainable tourism in the greater Livingstone area; and (ii) the gemstone sector*”. The revised PDO intended to focus implementation activities on improvements/factors that could be realized within the scope of control of the project and that were deemed achievable within its lifespan. The revised PDO remained relevant to Zambia's overall development objectives. Following the revision of the PDO, the agribusiness component was formally closed (it had been dropped earlier in 2005), and the tourism component was significantly redesigned. Some activities relating to supporting the development of the Mosi-o-Tunya National Park and aspects of interventions under the scope of the LCC were dropped (support for solid waste management system, business plan development and financial plan and capacity building). The changes introduced to the project during restructuring and their subsequent implementation demonstrated the project's capacity to correct and improve its development course, as demonstrated through improvements in work plan implementation.

62. The new GoZ has expressed its intention to continue support to the tourism sector by declaring Livingstone Zambia's tourist capital and is supporting investments in Livingstone ahead of its hosting of the 2014 World Tourism Organization Conference. This is in line with first part of the revised PDO of improving the business climate for sustainable tourism in the

greater Livingstone area. Tourism development is, moreover, given a prominent role in the new Government's manifesto and the mineral sector is recognized as an important sector for further economic development and diversification. The overall relevance rating of original PDO is Satisfactory. The overall relevance rating of revised PDO is satisfactory.

63. **GEO.** The SEED GEO to reverse biodiversity degradation in Kafue National Park and the Mosi-o-Tunya National Park and surrounding areas was highly relevant in design and implementation to the Government of Zambia's economic, biodiversity and wildlife management priorities, particularly in the gKNP. This was demonstrated by the integration of the project's objective and outcomes into the Sixth National Development Plan (SNDP, 2011-2015). The SNDP reconfirms tourism as a priority sector for development with a focus on infrastructure development in three geographic areas including the KNP. It further aims at restructuring ZAWA, improving the policy and legal framework for wildlife management, enhancing private sector participation in wildlife management and supporting protected wildlife area management. The submission in 2011 of a proposal for a follow-up large investment operation to build and expand on the PA program further demonstrates the project's relevance.⁵ The relevance rating is thus Satisfactory.

3.2 Achievement of Project Development Objectives and Global Environment Objectives

64. **Project Development Objectives.** The Project did not fully achieve its PDO of improving the business environment for (i) sustainable tourism in the greater Livingstone area; and (ii) the gemstone sector (see section 3.4 for achievement of PDO (efficacy) ratings).

65. Improving the business environment for (i) sustainable tourism in the greater Livingstone area: Tourism Component–National/Regional. The main objective of the subcomponent was to streamline and decentralize the process for acquiring business licenses provided by the MTENR for tourism. Success was to be measured by a reduction the number of licenses issues, and a reduction in the time it takes to obtain such licenses through the establishment of a OSS in Livingstone and by the adoption of new statutory instruments and regulations to the Tourism Act. In terms of achieving outcomes, the number of days to process a tourism license worsened from a baseline value of 90 days in 2004 to 135 days at the end of the project in 2011. The Intermediate Outcome Indicator of piloting and establishing a “One Stop Shop” in Livingstone was not met as the building envisioned to house the operation was constructed but was yet operational at project closing. The Tourism Act that was enacted during the project made the licensing process more difficult and discretionary. Widespread criticism of the new Act was the main impetus for a revised draft Act, supported under the auspices of the project. The draft Act was submitted to the Ministry of Justice, but not enacted, prior to project closure. However, a number of positive intermediate outcome indicators were achieved, including the reduction of the number of annual operating licenses issued for tourism businesses by MTENR five in 2004 to one at project closing. The number of beds for operational tourism concessions in KNP increased from 104 in 2004 to 350 beds at project closing. The total ZAWA non-consumptive

⁵ Proposal submitted to MCC in 2011 but the final decision by MCC favored the Lusaka Water Authority proposal.

tourism revenue in KNP also increased tenfold, from US\$60,000 in 2004 to US\$614,000 in 2011.

66. An independent review of the Tourism and Hospitality Act (THA) initiated by MTENR in 2008 concluded that the current Act did not provide for decentralized licensing which was a prerequisite to the implementation of the pilot OSS. The ongoing Business Licensing Reform Program reached similar conclusions. Based on these recommendations, the SEED project and GoZ proceeded to engage an international consultant to facilitate and draft a tourism license Act. Thereafter, the project learned that government had a parallel legislative process that produced a different Bill, which was subsequently passed into law. The new law centralized the issuing of licenses and undermined some of the goals of the PDO. Immediate demands from industry for changes to the legislation, followed the passage of the Act, and this generated momentum for improved legislation. Building upon and in support of this momentum, the project facilitated a consultative process, led by industry with input by an international lawyer, which drew on international best practice. This participatory process was unique at the time and the Government deserves credit for participating in the process and for sharing the draft legislation openly (the working draft was shared with industry via email). However, despite this positive energy for reform, no new legislation has been enacted. While the draft act was submitted to the Ministry of Justice for formal drafting, it was not submitted to Parliament due to the general elections of 2011. However, the new Government has committed itself to reviewing the THA.

67. Lack of progress in enacting and implementing tourism legislation inhibited progress in the establishment of the OSS in Livingstone. While government supported the building of the OSS, the Bank and industry were of the view that the OSS should only physically take form once a legal basis was established for the OSS to operate. Without the enabling legislation being in place, there was a real risk that the OSS would not serve a useful function to industry. In 2010, Government stated its commitment to improving the THA and initiated measures to do so, leading to an agreement to start procurement of the OSS civil works. These delays resulted in the OSS only being commissioned and opened in February, 2012, four months after project closing. However, even if the OSS had been commissioned prior to project closure, enabling legislation has not yet been enacted, hence the OSS would not be servicing the purpose as per the PDO. It should be noted that the focus on licensing reform, initiated by the SEED project, led to a broader reform initiatives. Specifically, during the life of the project, the Bank/IFC and the GoZ have embarked on a broader business licensing reform program that will support the work of a number of government agencies. As a consequence, once operational, the OSS will provide a wide menu of services to business people from a range of economic sectors and will not be limited to its original mandate to service the tourism industry specifically.

68. Improving the business environment for (i) sustainable tourism in the greater Livingstone area: Tourism Component- Livingstone City Council. The intermediate outcome indicator of establishment of Mukuni Park Management Trust was achieved and the Trust opened an account and has started collecting revenue although operating cost recovery is yet to be achieved. The Intermediate Outcome Indicator (IOI) target of fifty tourism SMEs in greater Livingstone for which services can be booked and paid for online was exceeded. There were fifty-nine SMEs for which services could be booked and paid for online at the time of project closing.

69. **Improving the business environment for (ii) the Gemstone Sector.** Lack of progress in this component is due the fact that achievement of the PDO was contingent on streamlined licensing in the sector. This goal was however not achieved as the number of days for processing of small scale and large scale mining licenses actually significantly increased from a base line of 30 and 60 days in 2004 respectively to 120 and 270 days respectively in 2011. This worsening of this indicator is explained by the mineral licensing moratorium that was put in place in 2009 and lasted until March 31, 2011. This moratorium affected the processing and issuance of licenses and therefore the measurement of the relevant indicators.

70. In response to high copper prices and the desire to capture windfall profits, a new Mines and Minerals Act was hurriedly introduced in 2008 with little or no consultation. The new Act granted all powers for the issuing of licenses to the Mining Advisory Committee with the concurrent effects of increasing the powers of the committee to the detriment of the cadastre, resulting in extensive delays in the issuing of licenses. This development had a negative and serious impact on the achievement of the PDO in terms of the number of days taken to obtain a mining license. Recognizing that the new Act was counterproductive to the goals of the sector, both industry and Government initiated a process towards drafting a new Act. A new Act was drafted and GoZ has stated their intention to enact this draft. However, in order to avoid the mistakes associated with the rushed process that underpinned the current Act, the project encouraged GoZ to consult more widely. The project funded a third party review using a consultant and further consultations resulting in a significantly improved Act in December 2010, that effectively captured the needs of key industry stakeholders. However, just as the case with the THA, this revised Act was not submitted to Parliament due to the general elections of 2012. The new Government has, as the case with the THA, also expressed interest to review the Act.

71. An independent diagnostic review of the cadastre was carried out in 2009 (support by the project). A key recommendations arising from the review was that administrative/political and financial independence of the cadastre was critical to ensuring the cadastre's efficient operation. Within a month of coming into office, the new cabinet, approved the establishment of the cadastre as a department within the Ministry of Mines. The GoZ has also committed about ZMK 550 Million to the operations of the cadastre in its 2012 Estimates of Revenue and Expenditure. The number of mining rights disputes has been significantly reduced as a consequence of the use of software within the cadastre that has minimized overlapping licensing.

72. The project encountered some challenges in supporting artisanal mining. Vandalism (theft of pumps at the solar powered pumps) and the failure to properly maintain donor equipment occurred in Mapatizya (Kalomo Mining Association). Although operational, the solar power equipment for the police post and clinic had not yet been handed over to the relevant Government ministries undermining the sustainability of this intervention. Handover delays were also experienced at the ESMASZ Mining Association in Lufwanyama. However, measures undertaken to educate artisanal miners and their families about HIV/AIDS were deemed very productive.

73. **Global Environment Objectives:** Rating: Satisfactory. The project achieved its GEO objective of reversing biodiversity erosion in Kafue National Park and Mosi-o-Tunya National Park and surrounding areas. The Protected Areas component achieved to a very large extent its

expected objectives. The key outcomes achieved by the component in KNP as measured by the outcome and intermediate outcome indicators include:

- (a) Rehabilitation of KNP, the largest, oldest but most degraded biodiversity hotspot and national park in Zambia. The successful implementation of an integrated approach to park management based on six defined support themes has resulted in KNP becoming a reasonably well managed national park (as demonstrated by METT score of 63) and an increasingly attractive tourist destination;
- (b) Increase or stabilization in numbers and distribution of selected indicator mammal species within the gKNP as demonstrated by the series of aerial surveys and confirmed by increased wildlife sightings by tourism operators although some areas continue to face encroachment and related poaching threats;
- (c) Support to nine GMAs surrounding KNP, improved management structures including the development of 7 GMA management plans, and the setting aside of an average of 79 percent of GMA land for wildlife management has enhanced local livelihood opportunities, effective natural resource conservation and good governance;
- (d) Improved capacity for economic development and wildlife conservation through rehabilitation and enhancement of park infrastructure, improved patrol and tourism all weather access including road infrastructure and bridges, the establishment of a communication system, up-grading of 3 airstrips to all-weather standards, the improvement of working conditions and housing for staff through construction of a regional park management office in Mumbwa, park gates and other staff houses;
- (e) Improvement of the park monitoring systems focusing on fire, wildlife, habitat, research and management projects including a reorganization of KNP patrol and investigating system aiming at key management needs; and
- (f) Development of a ZAWA-led PPP framework for KNP including a park revenue generating strategy through private sector partnerships and business development based on the project supported business plan, the approval of KNP as Business Centre⁶ as well as removal of non-performing concessions. KNP's non-consumptive tourism revenues have increased from USD 60,000 (2004) to USD 614,000 (2011).

3.3 Efficiency

74. **Efficiency Rating: Moderately Satisfactory.** Efficiency ratings were derived by comparing actual results with project inputs. As noted in the PAD, the project had an overall Economic Rate of Return of 31.6 percent. With the removal of the agribusiness component in 2006, which had the weakest performance of all the components (see below), the ERR improved (as measured at restructuring) to 33 percent and the breakeven increased from 5.7 years from the original PAD to 5.9 years after restructuring. EOP ERR was calculated at 32.4 percent.

75. **Tourism Component:** This component had the highest ERR at appraisal (34.1 percent) and the second shortest breakeven time (5.5 years). In terms of project cost estimates at appraisal, the costs of the IDA Tourism component was US\$17.3 million. This was adjusted to US\$18.7 million at restructuring and US\$20.1 million at project closing. There was an overall 10 percent overrun in costs in terms of actual versus cost at restructuring on this component, most

⁶ KNP and SLAMU are the only two national parks in Zambia that operates this model.

likely as a consequence of works done under construction of the OSS, infrastructure in LCC and KNP (the LCC and KNP civil works experienced procurement, works supervision problems and delays in implementation). For the GEF financing, the project cost was not adjusted during restructuring remaining at US\$ 4 million and the actual at closing was US\$3.9 million.

76. As required for a full-sized GEF project, an incremental cost analysis was undertaken during project preparation. The economic analysis in the PAD was not sufficient to cover the details of the PA tourism component, in particular with regard to tourism related infrastructure investments. No formal economic or quantitative analysis was done for the PA tourism component over project implementation.

77. The ICR team noted relatively high operational unit costs for resource protection in the KNP, particular during the period when a bonus/incentive system was implemented (in should be noted that this bonus/incentive system was supported by Norway and not IDA/GEF).

78. A positive outcome of the PA program was increased efficiency in KNP revenues per tourist: Throughout the implementation period, the number of tourists in KNP increased from about 4000 to about 7000. ZAWA's non-consumptive revenues in gKNP increased during the same period from about US\$60,000 to approximately US\$614,000. Thus, the project input resulted in increasing revenues per tourist from about US\$15 to US\$85.

79. **Gemstones Component:** US\$5.01 million was budgeted for this component at appraisal and this amount was reduced to US\$4.08 million at restructuring. US\$ 3.88 million was actually spent. The transparency and governance subcomponent which supported the cadastre among other activities had a 14 percent cost overrun, reflecting the substantial support given to the cadastre. The M&E subcomponent also had a cost overrun, likely due to an underestimate of the M&E costs for the gemstone component which experienced better monitored M&E indicators towards the end of the project.

(a) Project Cost by Component (in USD million equivalent)

| No. | Component | Original Appraisal Estimate | Restru- ctured Estimate | Actual | Percent of Original App. Est | Percent of Restruct. Est. |
|--|--------------------------------|-----------------------------|-------------------------|-------------|------------------------------|---------------------------|
| | | USD million | USD million | USD million | | |
| Support to Economic Expansion & Diversification SEED - P071407 | | | | | | |
| A | Tourism | | | | | |
| | National/Regional | 2.013 | 2.600 | 2.859 | 142% | 110% |
| | Support to Kafue National Park | 6.409 | 6.250 | 6.621 | 103% | 106% |
| | Support to Mosi-o-Tunya N/Park | 2.358 | 0.680 | 0.664 | 28% | 98% |
| | Livingstone | 6.533 | 9.130 | 10.033 | 154% | 110% |
| | Subtotal Tourism | 17.313 | 18.660 | 20.177 | 117% | 108% |
| B | Agribusiness | 2.510 | 0.100 | 0.105 | 4% | 105% |
| C | Gemstone | | | | | |
| | Transparency & Governance | 2.571 | 2.040 | 2.333 | 91% | 114% |
| | Supply Chain | 2.281 | 1.740 | 1.194 | 52% | 69% |
| | Monitoring & Evaluation | 0.163 | 0.300 | 0.360 | 221% | 120% |
| | Subtotal Gemstone | 5.015 | 4.080 | 3.887 | 78% | 95% |
| D | Project Management Unit | 1.302 | 2.900 | 3.376 | 259% | 116% |
| E | Project Preparatory Facility | 2.010 | 1.410 | 1.389 | 69% | 99% |
| F | Unallocated | - | 1.000 | - | | |

| No. | Component | Original Appraisal Estimate | Restructured Estimate | Actual | Percent of Original App. Est | Percent of Restruct. Est. |
|-----|--|-----------------------------|-----------------------|---------------|------------------------------|---------------------------|
| | | USD million | USD million | USD million | | |
| | Subtotal Project Cost - IDA | 28.150 | 28.150 | 28.934 | 103% | 103% |
| | SEED Biodiversity - GEF P074258 | | | | | |
| A | Tourism | | | | | |
| | National/Regional | 0.094 | | - | | |
| | Support to Kafue National Park | 2.346 | 3.260 | 3.454 | 147% | 106% |
| | Support to Mosi-o-Tunya N/Park | 1.560 | 0.540 | 0.515 | 33% | 95% |
| | Unallocated | - | 0.200 | - | | |
| | Subtotal Tourism – GEF | 4.000 | 4.000 | 3.969 | 99% | 99% |
| | Grand Total | 32.150 | 32.150 | 32.903 | 102% | 102% |

80. Only US\$ 105,000 was spent on the agribusiness component which was dropped in 2005 and the balance was reallocated to other components after the restructuring in 2007. The PMU increased significantly from the US\$ 1.3 million cost at appraisal to US\$ 2.9 million estimate at restructuring and the actual cost was even higher at US\$ 3.4 million. The cost escalation was attributable to the change in the function of the unit from a co-ordination to a management function after the restructuring carried out for the purpose of increasing accountability for results, improving project management and ensuring more efficient use of project resources.

81. It should be noted that while there were overruns in the tourism and project management components, there were under runs in the Gemstones component. Overall, overruns were 2 percent of total costs at closure.

3.4 Justification of Overall Outcome and Global Environment Outcome Rating

82. In light of revised OPCS/OED guidelines for rating projects outcomes against revised objectives, the project's outcome will be assessed against both the original and revised project objectives. To arrive at an overall outcome rating, separate outcome ratings (against original and revised project objectives) will be weighted in proportion to the share of actual disbursements made for the periods before and after approval of the revision.

Original PDO

83. As noted in section 3.1, the project's objectives and design were consistent and relevant with the country's then development priorities and Bank strategy. However, during the period prior to restructuring (2004-2007), the efficacy and achievement of the PDO was consistently rated as Moderately Unsatisfactory. Initial disbursement was poor, at 35 percent, which resulted in slowed implementation and sub-optimal efficiency specifically on the part of the LCC, but also to a lesser extent on the part of the KNP civil works. In weighing relevance, efficacy and efficiency, the original PDO is designated a rating of Moderately Unsatisfactory.

Revised PDO

84. Following the restructuring of the project in 2007, the revised PDO was consistent and relevant to Zambia's overall development objects. Post-restructuring ISR's indicate progress towards achieving the PDO and improving efficacy: a rating of Moderately Satisfactory was

generally assigned to overall progress; however, this reverted to Moderately Unsatisfactory in the final ISRs. Implementation performance, as reflected in the ISRs, improved from Moderately Unsatisfactory to Moderately Satisfactory following restructuring. In weighing relevance, efficacy and efficiency, a rating of Moderately Satisfactory is assigned.

Overall Outcome Rating

85. The original outcome rating has been calculated as Moderately Unsatisfactory. As per the guidelines, this corresponds to an assigned a value of 3 X the proportion of actual total disbursement (35%) = $3 \times .35 = 1.05$.

86. The revised outcome rating has been calculated as Moderately Unsatisfactory, coinciding with an assigned value of 3 X the proportion of actual disbursement (65%) = $3 \times .65 = 1.95$.

87. The weighted overall outcome is $1.05 + 2.6 = 3.65$. While this rounded off would be 4, i.e., Moderately Satisfactory, it was the view of the ICR team that a value of 3, i.e., Moderately Unsatisfactory was a more accurate assessment of the overall outcome rating.

88. A number of institutional objectives were not achieved, specifically the establishment of a fully functioning and operational OSS and Mining Cadastre. The lack of implementation of tourism and mining sector legislation also negatively affected the efficacy of the project in achieving its PDO. New laws introduced greater discretion to licensing procedures, negatively affecting the outcome rating. The ICR acknowledges that the overall outcome rating should not only be based on the high level outcome indicators and should take into account the performance with regard to intermediate level outcome indicators (a number of these performed and were rated very well). However the positive performance by a number of the intermediate level outcome indicators was not sufficient to affect the overall outcome rating.

GEO Rating: Satisfactory

89. Given the near achievement of the GEO outcome indicator and the reaching of attainment for the intermediate outcome indicators, the project's relevance and efficiency, the PA tourism component overall outcome rating is deemed Satisfactory in achieving conservation of globally important biodiversity in the KNP. The GEO was not revised during the life of the project unlike the PDO.

90. Regarding MNP, the ICR evaluation is limited to the period of 2005 and 2006. The MNP outcomes for this period are rated moderately satisfactory considering actual outputs, relevance and efficiency. Noteworthy is the fact that monitoring and reporting on MNP stopped in 2007. The revised results framework did not include any new or revised indicator on MNP while the GEO was kept unchanged.

3.5 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

91. While the Project was an economic growth project and did not therefore have a direct poverty impact, the tourism component of the project attempted to address the problem of high unemployment in Livingstone (estimated at 90 percent at the start of the project). Based on the fact that there was no major economic activity in the area apart from tourism, it was envisioned that the project would provide jobs to Livingstone and surrounding areas through construction and community based projects. Opportunities in tourism related activities such as catering, hotel services, tour operation, wildlife management and production of handicrafts would address the three poverty criteria of incomes, basic needs and capability to acquire physical needs. In terms of gender, care was taken to address this among the different components, especially in consideration to prostitution, which the PAD recognized, can thrive in an environment of poverty. Support for creation of economic activities was a way to mitigate these challenges, and as a consequence the PA and tourism component tried to ensure that gender aspects were considered. Under the gemstones component, a number of female small scale miners were beneficiaries. Work was also done with SHARE on HIV/AIDS education for artisanal miners and their families. Solar power was also supplied to community clinics and police posts and houses as well as the provision of water pumps for community use. Regarding the CBNRM focal area, most of the participants in community projects are women, but few women are represented on the Community Resources Boards (CRB). Of 177 Board members, less than 20 women are in leadership at the level of the CRBs. However, in the VAG committee there was a significant increase in the participation of number of women. It is suggested that in the revised wildlife policy, the issue of women and other marginalized groups are given particular attention to ensure their active participation in the governance of the GMA resources.

(b) Institutional Change/Strengthening

92. In looking at institutional change/strengthening; the major focus of this section is with reference to impacts on longer term capacity and institutional development.

| Tourism Component |
|--|
| 1.1.Tourism National/Regional |
| Capacity of tourism related private sector organizations and industry to lobby and demand accountability on policy and legislative formulation strengthened. |
| During the life of the project, capacity was built in tourism related private sector organizations to lobby and demand accountability on policy and legislation formulation. The passing of counter-productive tourism legislation generated a reaction from the industry that led to momentum and demand for improved policy and legislation. This process encouraged a participatory and consultative process that was positive for capacity building and increasing dialogue. |
| Capacity of government agencies such as MTENR and Ministry of Justice to coordinate consultative processes for policy and legal reform strengthened. |
| Demand for improved policy and legislation from the private sector and other players helped build improved capacity within MTENR and the Ministry of Justice to better coordinate and lead consultative |

processes for policy and legal reform with the Industry and other government agencies.

1.2. Tourism- Livingstone

1.2.1 Improving Service Delivery of Private Sector Tourism Associations.

A number of tourism associations were supported through the provision of vehicles, equipment, and computers to improve their service delivery. These include Tourism Council of Zambia, Livingstone Tourism Association, Choma Museum and Cultural Centre and the Hotels and Tourism Institute (HTTI). A number of tourism stakeholders forum's will be lead by LTA to increase collaboration and networking activities among tourism service providers and other stakeholders in Livingstone (direct support ended in 2009). The Zambia Tourism Awards were held but unfortunately were not sustained

1.2.1 Capacity Building of Livingstone City Council to Improve Service Delivery.

The project supported the purchase of motor vehicles, heavy equipment, a cherry picker (for street light maintenance) and training of staff. These interventions were to assist LCC development a capacity for maintenance of infrastructure and well as strengthen their human and technical capacity in areas such as engineering and financial management.

1.2.2 Rehabilitation of Mukuni Park and establishment of a Management Trust

Mukuni Park was rehabilitated and handed over in 2008. A Trust to run the park was established and a separate Bank account was opened and revenue from the park and rent from the Mukuni curio-sellers is being collected.

1.3 Tourism- Protected Areas

1.3.1 Capacity of Kafue National Park/ZAWA to better Manage Park Administration and Management, Wildlife Research and Monitoring, Resource Protection , Infrastructure Development and Maintenance, PPPs and Business Development

This was done throughout the life of the project. The project did focus directly on supporting ZAWA's capacity at park and regional management level and to a lesser extent at HQ management.

1.4 Gemstone

1.4.1 Capacity of Mining related private sector organizations and industry to lobby and demand accountability on policy and legislative formulation strengthened

Capacity was built in mining related private sector and industry organizations to lobby and demand accountability on policy and legislation formulation. The passing of a counter-productive mining legislation generated a reaction from the industry that led to momentum and demand for improved policy and legislation. This process encouraged a participatory and consultative process that was positive for capacity building and increasing dialogue.

1.4.2 Capacity of government agencies such as MTENR and Ministry of Justice to coordinate consultative processes for policy and legal reform strengthened

Demand for improved policy and legislation from the private sector and other players helped build improved capacity of Ministry of Mines and Minerals and the Ministry of Justice to better coordinate and lead consultative processes for policy and legal reform with industry and other government agencies.

1.4.3 Strengthening the Capacity of Regional Bureaux

This activity was supported to build the capacity of the mining bureaus at Livingstone and Kitwe so that they could provide geological, mining and environmental extension services to small scale miners. Cutting and polishing equipment was procured for the Ndola Lapidary Centre.

1.4.4 Strengthening of Mining Cadastre System

The project supported human and technical capacity of the cadastre through study tours and helped strengthen the operations of the cadastre through financing a cadastre diagnostic review that recommended that the cadastre be independent and self financing. This recommendation was implemented in November 2012 through Cabinet approval of an independent cadastre department within the mining ministry. Support was also provided for the installation of flex-cadastre system software to efficient processing of licenses.

1.4.5. Private Sector Associations Strengthened

The project supported two private sector small scale mining association in Mapatizya (Kalomo Miners Association) and Lufwanyama (Emerald and Semi-Precious Stones Mining Association of Zambia (ESMAZ). At Mapatizya, the project supported the rehabilitation and electrification of the clinic and police post, procurement of a solar fridge for the clinic for storage of medicines, procurement of value addition equipment for the mining centre and drilling and equipping of boreholes. The support in Lufwanyama was for procurement of materials for the rehabilitation of culverts and a bridge, drilling of boreholes, construction of a clinic and house and provision of office furniture and equipment for the associations office.

The project also engaged Zambia Health Education and Communications Trust (ZHECT) to provide HIV/AIDS counseling, training and VCT services. This led to the formation of community groups to sustain the support and counseling of affected and infected groups.

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

93. In order to build ownership during the 2007 restructuring of the project, a consultative process was initiated and stakeholder workshops held. The restructuring process commenced with an independent diagnosis of performance by a Zambian consultant who reported directly to MTENR (March to May 2006). A stakeholder's workshop was held in June 2006 to discuss the findings and agree on the way forward. A GoZ refocusing team, with participants from industry and Government, was created to propose changes to the project design and concurrent implementation arrangements. The refocusing team reported to a Steering Committee that guided this process.

94. Beneficiary stakeholder workshops were organized as part of the ICR stakeholder consultations for the SEED components in Livingstone and Lusaka November 2011. Representatives from ZAWA, CRBs, and the SEED PMU joined the ICR mission in February 2012. An additional meeting with KNP tourism operators was also held during the mission (detail in annex 6).

4. Assessment of Risk to Development Outcome and Global Environment Outcome

95. **Overall Development Outcome Rating: The risk is rated as Substantial.** While the new Government has stated that it is committed to the review of suboptimal tourism and mining legislation, operationalization of the OSS and Cadastre Department and the fact that it has committed financial resources to fund these activities in its 2012 Estimates of Revenue and

Expenditure, based on the lack of progress on review of relevant legislation and improving the overall enabling environment for tourism and mining, the risk to development outcome is substantial.

96. **GEO Rating: Moderate to Significant:** The risk to the KNP contribution to the PDO and to the GEO rating is based on the assessment of (1) ZAWA's overall financial viability; (2) the financial constraints at gKNP which could impact its capacity to operate and implement its GMP; (3) the completion of the Business Center; and (4) GoZ's commitment to revise its wildlife policy and legal framework. In light of the fact that for the next ten years or more, revenues accruing to the gKNP will remain lower than its operating costs, the ICR team also considered (1) the lack of direct GoZ counterpart funding to the national PA-Network and the gKNP (only in 2010 KNP received direct funding in the amount of ZMK 800 million) and (2) the lack of a follow-up operation to consolidate the achievements in gKNP for the rating. While such a situation is common in other national parks in Africa, requiring longer-term support from the Government, private sector and cooperating partners, the PA component achieved substantial progress in the gKNP to attract continuous follow-up support. If progress in one of the above cannot be achieved over the short-term, the project's global environmental outcomes are at risk.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: Moderately Unsatisfactory

97. As noted by the QSA and the STAP reviewer, the Bank preparation team and management agreed to design a very challenging (and to some extent, for the Bank probably a very innovative) project. The project design responded well to the country and sector context but the complexity of its components, implementation arrangements, fiduciary and monitoring and evaluation arrangements complicated and challenged project implementation. Moreover, linkages between the tourism PA component and the broader SEED project were not well defined.

98. Risk identification was comprehensive. However risks associated with the complexity of the project design and ZAWA's and other national implementing agencies comparatively weak implementation capacity were underappreciated. The risks were under-evaluated in particular regarding Governments' commitment and ownership of the project at a macro-level, and ZAWA's implementation and management capacity at the micro-level. In addition, the political economy risk for the mining sector and the gemstone sector specifically, was not recognized and factored (the ICR notes that there was not sufficient analytical work, e.g., use of political economy tools, to better design the gemstone component and identify the inherent risks) .

99. The complexity of the project design in terms of components and implementation arrangements was not incorporated into the assessment of project risk. Most identified risks were encountered during project implementation, including: a) restrictive administrative, policy, legal and economic environment for investment in tourism, wildlife sector, b) limited participation of

the business community in tourism development, c) insufficient government commitment to the tourism and wildlife sectors and to ZAWA undermining its financial sustainability and development of the sector, d) poor governance of the wildlife sector undermining its credibility and subsequent support, and e) a lack of support on the part of local communities in case of disbursement failure of GMA revenues. The overall risk rating in the PAD was M (modest risk) but should have been S (substantial).

(b) Quality of Supervision

Rating: Moderately Unsatisfactory

100. The Bank team leaders, both specialists in respective project sector areas (private sector development and biodiversity conservation/protected area specialists) were both based in Zambia and supervised the project throughout project implementation. The Bank's task team included fiduciary colleagues based in the country office, with the exception of the social safeguard specialist who commuted to the country. The Bank team was strengthened by tourism, infrastructure and mining specialists who joined the team during missions. To supplement and strengthen supervision expertise, the Bank's task team was extended by a DED tourism specialist seconded to the Bank for 3 years.

101. The Bank task team, complemented by staff from the government of Norway, conducted a total of 16 supervision missions during the implementation of the project. Fifteen Implementation Status Reports (ISRs) were filed, capturing implementation progress and its impact on the achievement of project objectives. Project filing for the GEF component has been excellent during implementation as assessed by time of the ICR while filing and record keeping of the overall SEED project has been less satisfactory, with a number of key documents not being available either in the Bank system or in hardcopy.

102. The Bank carried out a very close and pro-active dialogue with MTENR, LCC, MMNR, ZAWA and all project stakeholders including cooperating partners (particularly with Norway) but also with private sector (including LTA, ZTB and KPOA).

103. The ICR rates quality of supervision as Moderately Unsatisfactory. While quality of supervision was rated Satisfactory by a Quality of Supervision Assessment (QSA7) which was carried out in September 2006, with the team being recognized for their candidness, performance after 2007 led to the ICRs assessment of Moderately Unsatisfactory. The decline in the supervision rating is not only a reflection of the team but also of the quality of Bank management, which failed to better advise and direct the team on a number of issues that were raised for management attention in the project ISRs.

(c) Justification of Rating for Overall Bank Performance

Rating: Moderately Unsatisfactory

104. As per OPCS guidelines on ICRs, Bank performance is rated Moderately Unsatisfactory because both quality at entry and quality of supervision have been rated Moderately Unsatisfactory.

5.2 Borrower Performance

Overall Borrower Performance Rating: Moderately Unsatisfactory

(a) Government Performance

Rating: Moderately Unsatisfactory

105. Borrower performance varied considerably over the life of the project. During the first supervision mission held in December 2004, it was noted that the project lacked the necessary leadership required to effectively drive implementation. Specifically, key officials at the respective ministries/agencies (e.g. Ministry of Tourism, Mines & Minerals, Local Government and Housing and ZAWA) did not hold the project accountable for results. Likewise, information regarding the projects' planned deliverables, on the one hand, and resources to fuel delivery, on the other, were not shared with key stakeholders, who were consequently unable to hold the project accountable for delivering results. A number of recommendations were made following the initial mission including; (i) the need for a planning workshop to develop component level log frames, indicators, work and procurement plans; (ii) the finalization and communication of staffing decisions (component technical coordinators were yet to be recruited and there were issues around salaries below market reference point levels); (iii) the need to build capacity through training; and (iv) set clear goals for/and evaluate efficacy of project launch. A second mission took place in March 2005 and found that project performance had deteriorated (during this mission both the PDO and IP ratings were downgraded from Satisfactory to Moderately Unsatisfactory). Only one of the three components, gemstones, was ready for implementation and very few of the agreed actions had been implemented. It was also noted that there was no clearly defined role for the PCU in coordination/facilitation project beneficiaries, specifically with regard to information sharing. The PCU was not being held accountable for delivering its mandate. The Bank at this point expressed concern that implementing agencies were not being held accountable for project performance and that SEED required additional oversight.

106. In reaction to the concerns of the Bank, GoZ took some immediate measures to try to turn the performance of the project around. These measures included the appointment of the Permanent Secretary for MTENR as chairperson of the SEED Steering Committee and the holding of regular weekly meetings. More importantly, GOZ recognized and acknowledged that in order for the issues impairing the satisfactory implementation of the project to be adequately addressed, there was a need to "refocus" or restructure the project. It is important to put the pre-restructuring performance of the borrower in the wider country context at the time of relatively weak public sector performance, a Ministry of Finance which was overstretched and was not able participate in Steering Committee meetings, the refocusing workshop and implementation meeting and poor inter-ministerial and inter-agency coordination.

107. Post restructuring, there was a noticeable improvement in project performance and the PDO and IP ratings were both upgraded from MU to MS soon after restructuring. To the credit of GoZ, senior leadership at both the MTENR and MMRE took on a more proactive role in, for example, pushing for improved legislation. The restructuring of the PCU into a PMU also helped initiate greater accountability through improved procurement and M&E frameworks (although this improved M&E was more related to monitoring expenditures and activities than impact

monitoring as has already been mentioned elsewhere in the ICR) . However, given the fact that the PDO was rated as MU in 9 out of 15 ISRs and that the IP was rated as either MU or MS in 12 out of 15 ISRs, Government performance is rated as **Moderately Unsatisfactory**.

(b) Implementing Agency or Agencies Performance

Overall Rating: Moderately Unsatisfactory

108. The Tourism National/Regional, Livingstone infrastructure, Protected Areas and Gemstone components were implemented by Ministry of Tourism, Environment and Natural Resources (MTENR), Livingstone City Council (LCC), Zambia Wildlife Authority (ZAWA) and Ministry of Mines, Minerals and Energy (MME) respectively.

109. **Tourism National/Regional:** MTENR was in the prime position to drive project performance forward, yet this did not happen until the last six months of the project. The Tourism & Hospitality Act that was enacted during the project's life was counterproductive and made the PDO more difficult to achieve. Given the nature of the PDO, a strong champion at the Ministerial level was critical to achieving the project objectives, yet such a champion was not forthcoming until the last year of the project. Further, the One Stop Shop was not operationalized before project closing. MTENR performance has been rated Moderately Unsatisfactory.

110. **Tourism–Livingstone:** LCC is rated as Moderately Satisfactory. All of the civil works under the sub-component were completed in 2009 and recent activities have since focused on maintenance of infrastructure, some of which was handed over to the Roads Development Agency (RDA). LCC's performance is noteworthy because it represents a dramatic turnaround from the start of the project. During the first few years of the project, LCC had capacity and accountability challenges, which were successfully overcome. Mukuni Park is operating with new, much improved facilities. The Mukuni Park Trust is functional and opened its own account and is collecting revenue from the park and rent from curio sellers.

111. **Tourism-Protected Areas:** ZAWA through its regional manager office, the AMU management and the ZAWA HQ project coordination unit, has implemented the PA subcomponent. The PA infrastructure subcomponent constituted the cornerstone of the PA subcomponent, greatly influencing the performance and development of the other PA subcomponent activities. While by end of the project many infrastructure investments had been successfully completed, many were only achieved after overcoming significant implementation delays. The project failed to fully complete some PA related infrastructure investments by project closure (e.g. regional office in Mumbwa, river crossings in the northern section of the spinal road). Despite substantial delays with the infrastructure development component and the PPP component, the consolidated performance of ZAWA at regional and park level and to a limited extent at HQ level over the 7 years of implementation is judged Moderately Satisfactory. ZAWA's performance has improved over time and particularly since project management responsibility was transferred from the HQ to the RM office of the Western Region.

112. **Gemstones:** The rating of the implementing agency, the Ministry of Mines and Minerals is Moderately Unsatisfactory in large part due to a failure to address legal and regulatory issues that continue to undermine streamlined and transparent licensing. The ICR however recognizes

the progress on the upgrading of the operations of the Cadastre and the creation of an independent Cadastre department.

113. The performance of the PMU improved dramatically in the last few years of the project, hence the overall rating is Moderately Satisfactory. Procurement and M&E were rated as Moderately Satisfactory.

(c) Justification of Rating for Overall Borrower Performance

Rating: Moderately Unsatisfactory (MU)

114. Borrower performance is rated by assessing two dimensions: government performance and implementing agency performance. In this case government performance was rated as Moderately Unsatisfactory while implementing agency performance was rated as Moderately Satisfactory. Thus the overall borrower performance is Moderately Unsatisfactory.

6. Lessons Learned

Design

115. How do you make cross-sectoral projects work? Given the Bank's new focus on implementing fewer but more multi-sectoral projects, SEED offers some very useful lessons. Multi-sectoral projects benefits are not necessarily incremental and cost-effective: The SEED multi-sectoral approach was designed to increase relevance, efficiency and efficacy. However, in reality the multi-sectoral was rather counterproductive and not particularly beneficial when assessing final outcomes, overall implementation performance, ownership, efficiency and costs of activities. As the project straddled more than one institution, effective management of project activities became difficult as PCU/PMU lacked authority over staff in the other institutions, undermining project accountability and ownership. The complexity and diversity of the project required a substantially increased supervision bank budget (see annex 4) due to the need to recruit additional sectoral specialists (in mining and tourism in this case) and consultants. The SEED experience points to the need for strong involvement and coordination by the principal borrower, the Ministry of Finance, from the very beginning of the project, who should be able to hold implementing agencies accountable for their results.

116. PA program: Support to a protected area without core institutional strengthening shows limited results: The project's strategic choice was to build capacity of ZAWA mainly at park and regional management level and not to provide support for policy, legal or institutional reforms at ZAWA HQ level. While this approach is justifiable, it, in a way, negatively impacted on some of the intended outcomes and outputs related to ZAWA's establishment of KNP as a Business Center, ZAWA's PPP and TCA's capacity to support the JMC approach under KNP's business plan as well as implementing its Strategic Plan. This reduced overall sustainability.

117. Streamlined donor support enhances project results, efficacy and efficiency: The approach taken by the two corporate partners (WB and Norway) to have a single line of command, to streamline the requirements for reporting as well as supervision mission (MTR, ICR) resulted in excellent coordination and cooperation between partners and ZAWA. This

relationship was conducive to relieving ZAWA and associated Ministries from multiple reporting requirements and differing procedures. Such an arrangement requires joint effort on the part of the client and the cooperating partners to reduce transaction costs for the client. As indicated during the ICR mission, from ZAWA's perspective this was a single project with no duplication of plans, reports, indicators, or support missions (including the ICR mission) and no diverging messages.

118. A PDO dependent on the streamlining of licenses that required legislative reforms to achieve outcome indicators without any proper risk mitigation measures was risky and reflecting poor project design. Legislative reforms in most cases are outside the control of a project, especially where they result in loss of discretionary power for the agency responsible under the law. The project should have used the restructuring process to refine the PDO, change outcome indicators and put into place more effective measures to mitigate risk.

Implementation

119. **Use of demand driven accountability by citizens.** As mentioned in the ICR, the civil works in Livingstone were delayed due to differing views on the contractual process. Through the project, citizens were encouraged to engage and voice their views on progress. Demand for accountability eventually brought pressure to bear for faster completion of the civil works and by 2009, the civil works were completed. In future, thought should be given to include the use of billboards, newspaper articles and community radio stating what infrastructure would be built by what date and at what cost to bolster accountability to the public, and foster greater public demand.

120. **A Monitoring and Evaluation framework and Plan** should be in place at an early stage of project preparation. A proper M&E framework was implemented in 2009. A clear M&E framework and indicators for both internal (procurement, financial, M&E) and external function (indicators for the project components) should hold both the PCU and component implementers to account. Such a system would have highlighted poor performance by procurement staff early in the project implementation process leading to more timely and corrective action.

121. The consistent MU rating for the DO and IP in 6 out of the first 7 ISR's should have alerted the team on the problems around the project. Based on these rating the project should have been closed earlier. The lack of a robust M&E structure could have been a factor in action not being taken earlier.

122. Assessing competitive advantages of external contractors versus in-house civil works: A lesson of the PA program is that the low cost option should not necessarily be the basic selection method for infrastructure investments. The project lost time and resources trying to mobilize engineering firms and contractor of which most underperformed. As an alternative strategy and unfortunately after much delay, ZAWA was authorized to carry out civil work with road equipment purchased or rented. It became evident that ZAWA's civil works capacity was better than contractors and the experiences contributed to better planning and supervision of similar tasks. The important lesson is that in terms of infrastructure development in remote areas (in this case Kafue National Park) and in countries where there are no contractors are able to carry out medium-sized contracts, it may be more preferable to use procurement methods that allow for

the building of in-house capacity for small to medium infrastructure development and maintenance.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies

123. The ICR report prepared by the PMU on behalf of the Borrower is summarized in annex 7.

(b) Cofinanciers

124. Not applicable

(c) Other partners and stakeholders

125. During the ICR Overall SEED mission in November 2011, Tourism stakeholders (Associations, Operators, Mukuni Park, Livingstone City Council, Curio Sellers, Government Departments) from the greater Livingstone areas were consulted through a stakeholder's workshop the held in Livingstone. The following is a summary of discussions and views of stakeholders

Lessons learned from Project

- (a) Public –Private sector partnership in tourism development is critical;
- (b) A conducive and vibrant business and regulatory environment is essential for tourism development to thrive;
- (c) A strong planning, coordination and M&E mechanism is indispensable if tourism development is to create expected impact;
- (d) Though not supported by the SEED Project, marketing and investment promotion are very important and were an evident missing link and national level;
- (e) Government should understudy initiatives undertaken by cooperating partners to ensure that viable intervention are adopted in national plans, budgeted for and implemented in a continuous and sustainable way even after donor funded projects are over;
- (f) Some sensitive activities such as touching on legislation are better championed and orchestrated by GOZ (Sector Ministries) itself in consultation with all stakeholders.

What Worked

- (a) The Establishment and Construction of One Stop Shop;
- (b) Production of Livingstone Tourism Development Plan;
- (c) Tourism Development Advisor was recruited;
- (d) Capacity Building of various institutions such: ZTB, LTA, Choma Museum, Livingston Museum and ZAWA – These institutions were provided with computers, motor vehicles, office equipment & furniture and some administrative support;
- (e) Increased Market Access to Tourism SMEs – some SMEs that were market ready where included on world wide web;

- (f) Administrative support provided to the South West Regional Tourism Development Office;
- (g) Reintroduction of Tourism Stakeholder Forums;
- (h) Improved public – private relationship.

What did not work

- (a) No handover notes or reports left by Tourism Development Advisor;
- (b) Human capacity building was not done;
- (c) Livingstone Tourism Development Plan was not disseminated;
- (d) World hotel link market ready study was not well debated among stakeholders;
- (e) Regional Office was left out on important decisions.

Infrastructure development had the following impact

- (a) Improved the outlook of the city;
- (b) Improved business environment;
- (c) Reduced crime;
- (d) Reduced Vehicle operating cost travel discomfort;
- (e) Provided facility for entertainment;
- (f) Provided sanitation facility in town.

126. During the ICR PA mission in February, 2012, tourism sector representatives from Kafue Park Operators Association (KPOA) involved in KNP expressed the following personal views:

Infrastructure development

127. The project recruited less qualified construction companies to rehabilitate and build infrastructure resulting in unsatisfactory performance that impacted their tourism activities and undermined ZAWA park revenues.

ZAWA and PPP

- (a) Lack of communication between ZAWA and the private sector led to complications. Consequently tourism operators were “surprised” by sudden fee revisions without prior consultation or information undermining business planning and prospecting, and resulting in increased costs to doing business in an already difficult location.
- (b) The proposal for JMC as put forward by ZAWA and the contracted consultant raised concerns particularly in view of breaking up the integrity of KNP as a vast wilderness area into a series of smaller privately managed areas.

Law enforcement

128. Poaching pressure in the KNP seems to have increased over the years with the possibility of KNP scout involvement, while law enforcement capacity to cover the park did not increase substantially and thus areas remain inaccessible to ZAWA.

Sustainability

129. While the stakeholders agreed with the Business Center approach, stakeholders raised their concerns regarding the ultimate use of those revenues (outside gKNP) and indicate the need for increased transparency in the budget planning, management and reporting process.

Annex 1. Project Costs and Financing

(a) Project Cost by Component (in USD million equivalent)

| No. | Component | Original Appraisal Estimate | Restructured Estimate | Actual | Percent of Original App. Est | Percent of Restruct. Est. |
|--|--------------------------------|-----------------------------|-----------------------|-------------|------------------------------|---------------------------|
| | | USD million | USD million | USD million | | |
| Support to Economic Expansion & Diversification SEED - P071407 | | | | | | |
| A | Tourism | | | | | |
| | National/Regional | 2.013 | 2.600 | 2.859 | 142% | 110% |
| | Support to Kafue National Park | 6.409 | 6.250 | 6.621 | 103% | 106% |
| | Support to Mosi-o-Tunya N/Park | 2.358 | 0.680 | 0.664 | 28% | 98% |
| | Livingstone | 6.533 | 9.130 | 10.033 | 154% | 110% |
| | Subtotal Tourism | 17.313 | 18.660 | 20.177 | 117% | 108% |
| B | Agribusiness | 2.510 | 0.100 | 0.105 | 4% | 105% |
| C | Gemstone | | | | | |
| | Transparency & Governance | 2.571 | 2.040 | 2.333 | 91% | 114% |
| | Supply Chain | 2.281 | 1.740 | 1.194 | 52% | 69% |
| | Monitoring & Evaluation | 0.163 | 0.300 | 0.360 | 221% | 120% |
| | Subtotal Gemstone | 5.015 | 4.080 | 3.887 | 78% | 95% |
| D | Project Management Unit | 1.302 | 2.900 | 3.376 | 259% | 116% |
| E | Project Preparatory Facility | 2.010 | 1.410 | 1.389 | 69% | 99% |
| F | Unallocated | - | 1.000 | - | | |
| | Subtotal Project Cost - IDA | 28.150 | 28.150 | 28.934 | 103% | 103% |
| SEED Biodiversity - GEF P074258 | | | | | | |
| A | Tourism | | | | | |
| | National/Regional | 0.094 | | - | | |
| | Support to Kafue National Park | 2.346 | 3.260 | 3.454 | 147% | 106% |
| | Support to Mosi-o-Tunya N/Park | 1.560 | 0.540 | 0.515 | 33% | 95% |
| | Unallocated | - | 0.200 | - | | |
| | Subtotal Tourism - GEF | 4.000 | 4.000 | 3.969 | 99% | 99% |
| | Grand Total | 32.150 | 32.150 | 32.903 | 102% | 102% |

**(b) Protected Areas component financing by financier
(IDA, GEF, Norway)**

| | FINANCING AGREEMENT AMOUNT USD | ACTUAL/LATEST ESTIMATE USD | % DISBURSED |
|--------------------------------|---|---------------------------------------|------------------------|
| NORWAY | 12,200,000 | 11,932,404 | 98% |
| GEF (Excluding MNP) | 3,485,158 | 3,969,000 | 99% |
| IDA (including MNP) | 6,919,729 | 7,285,000 | 107% |
| TOTAL | 22,604,887 | 23,186,404 | 101% |

Annex 2. Outputs by Component

Component One: Tourism

Subcomponent one: Improved tourism policy and regulatory framework at the national and regional level

| Key Result | Indicator Description | Current Status |
|--|--|--|
| Improved tourism policy and regulatory framework at the national and regional level ICR Rating: MU | Pilot “One stop shop” licensing facility in Livingstone established and operating by end of 2009. Statutory instruments (such as license fees) for tourism submitted for legislative action by end of 2008. | Partially achieved <ul style="list-style-type: none"> - Construction of the OSS building completed - Not yet operational (Awaiting commissioning and handover) Legislation to streamline licensing was not enacted |
| | Statutory instruments (such as license fees) for tourism submitted for legislative action by end of 2008. | <ul style="list-style-type: none"> - The 2009 THA, enacted during the project’s lifetime, introduced more discretion to the licensing process; - In 2010, a participatory process was used to design a new THA that drew on international best practice. - The draft Act was submitted to the Ministry of Justice for formal drafting. The draft Act was not enacted prior to project closure, hence there is not a sound legislative basis for streamlined, decentralized licensing. |
| | No. of annual operating licenses for tourism businesses issued by MTENR reduced to 2 Licenses from current 5 licenses by end of 2009 | The Tourism operating licenses are reduced from 5 to 1 (referred to as the Tourism Enterprise License). |

Subcomponent two: Improve the business environment for sustainable tourism in the Greater Livingstone

| Key Result | Indicator Description | Current status |
|---|--|--|
| <i>Improve the business environment for sustainable tourism in the Greater Livingstone</i> ICR Rating: MS | Mukuni Park Management Trust functional by end of 2008 and has reached operating cost recovery by end of 2009. | Achieved The management of the Park has been handed over to the Mukuni Management Trust, a bank account has been opened and the Trust is collecting revenue from the Park |
| | Services of 50 tourism SMEs in Greater Livingstone can be booked and paid for online by end of 2009 | 59 Tourism SMEs can be booked and paid online, but the database has not been up dated for a long time to include new operators |
| | Target roads, sidewalks and drainage in Livingstone rehabilitated from (0) to 16kms (roads) by 2009 | The works were completed time back and maintenance works are being carried out by RDA. Street lights are being maintained by LCC with the use of the Cherry Picker |
| | a) Road length (in km) rehabilitated | Completed |

| Key Result | Indicator Description | Current status |
|------------|---|----------------|
| | b) No. of culverts placed | Completed |
| | c) Side walk length (in km) rehabilitated | Completed |

Subcomponent three: Facilitate development of sustainable tourism in Kafue National Park

This subcomponent was sub-divided in six support focal areas: (i) Park management and administration, (ii) infrastructure development, (iii) resource protection, (iv) wildlife research, monitoring, and rehabilitation of protected areas, (v) CBNRM and (vi) PPP. The following two tables below provide an overview of the outputs produced by focal area for each of the two national parks as well as the ICR team rating per focal area.

Table 1: Summary of achievements in KNP (2005-2011)

| Achievements/Outputs in KNP (2005-2011) | | | |
|--|--|--|--|
| Park Administration and Management | | | ICR Rating: MS |
| 33 vehicles purchased | 47 various machinery and equipment purchased | 32 office equipment purchased | 114 furniture purchased |
| 2 international Park Managers recruited | 2 engineers recruited, then replaced by 2 works supervisors | 120 Wildlife Police Officers recruited | 7 annual work plans and budgets produced |
| Internal and external audits | 243 supervisory trips conducted | 262 meetings and workshops | General management plan updated |
| WPOs trained in revenue collection | Number of WPOs trained as social counselors | 3 WPOs and Stores Clerks trained in procurement and stores management | 1 coordinator trained in HIV/AIDS |
| Infrastructure development | | | ICR Rating: MS |
| Plant and machinery for road maintenance purchased and locally maintained (2 graders, 2 tractors and towed graders, 3 tipping trailers, 3 water bowsers, 2 rippers, 1 roller compactor, 1 front end loader, 2 hard compactors) | 22,500.00 liter fuel tank provided Dispenser, shelter and platform for fuel storage provided | Roads in the park designed 610 km access roads, 544 km boundary roads and 491 game viewing loops annually graded (initially outsourced, finally ZAWA works) | 138 km of the spinal road awarded for rehabilitation 1 bridge built Park boundary roads and beacons rehabilitated and maintained |
| Firebreaks rehabilitated | Access and secondary roads rehabilitated | 3 air strips upgraded and approved by Aviation authorities | 97 percent of staff houses, partitioned chalets and rooms rehabilitated |
| Northern part of the park surveyed | 8 medium staff houses, new regional office in Mumbwa and 2 new gates at Nalusanga and Dundumwezi built | Operators trained in road maintenance and heavy machinery use | Works supervisors trained in enhanced road maintenance |
| South eastern bush cleared | | | |
| Resource protection | | | ICR Rating: S |
| Communication equipment such as repeaters, base radios, and hand-held radios procured and installed | Fuel, transport, rations for WPOs | ZAWA supplemented rations and fuel to the Community Resource Boards | Routine patrols conducted Maps produced |
| Fire management plan developed and recommendations of the plan implemented | Annual grading of fire breaks, park boundaries and roads monitoring of fire | Provisions of the 1999 KNP General Management Plan with regard on fishing | Staff trained in GPS and installation of GIS systems in Units |

| | | | |
|---|---|---|---------------------------------|
| Number of fishers monitored and regulated | incidences by patrolling staff and completing design fire forms | enforced | ZAWA WPOs recruited and trained |
| | Wildlife research, monitoring and rehabilitation | | ICR Rating: S |
| 6 weather monitoring stations and 2 fully fledged GIS units established | Research/Monitoring program developed: Vegetation Monitoring System, Safari hunting monitoring system, aerial surveys established | Consultancy to assess the fishery potential of Lake Ithezi thezi and the traditional fishery in the north of the park | |
| | Community based natural resources management | | ICR Rating: MS |
| 177 CRB members (31 percent female) and 360 VAG members (65 percent female) trained in various skills such as basic leadership, board effectiveness and team building, planning and budgeting, financial management, quota setting, , project management, human wildlife conflict management hunting monitoring, reporting and record keeping, gender awareness | | Participation of ZAWA staff in 476 meetings facilitated | 10 WPOs trained in CBNRM |
| 8 WPOs trained in effective safari hunting monitoring and data capture | 3 WPOs trained in management of Human Wildlife Conflicts | 3 extension Officers attended short courses in CBNRM | |
| | Public private partnerships | | ICR Rating: MS |
| Business plan developed | Feasibility study on establishing sport hunting concessions | 7 major Tourism Concession blocks with potential for tourism investments identified | |
| 11 additional tourist facilities tendered and concessioned (increase of 233 beds / increase of 320 percent in tourism bed capacity) | 13 delinquent terminated Concessions Agreements | Business center operational (bank accounts in US\$ and ZMK opened) | |

Source: ZAWA Completion report (January 2012)

The table below outlines the support to Mosi-O-Tunya National provided by the tourism Protected Areas component in 2005 and 2006 (very limited support continued after the restructuring until December 31, 2008).

Table 2: Summary of achievements in MNP (2005-2006)

| Achievements in MNP (2005-2006) | | | | |
|--|---|---|--|-------------------------------------|
| Park Administration and Management | | | ICR Rating: MU | |
| 2 vehicles supplied and maintained | Computers, office equipment and communication system purchased | Uniforms (protective clothing) procured | 1 international park manager recruited, park ranger, assistant accountant, ecologist in place (although delayed) | |
| 14 management and 2 management/ general staff meetings held | Management/General staff attended training in gender, customer care, Sun system accounting, procurement, HIV AIDS counseling, ivory detection, rhino monitoring, animal health, GIS, workshop, professional hunting, aerial survey and basic investigations, cross border environmental crime and security meetings | | Revolving fund system introduced to reduce dependence on HQ on some procurement | |
| | | | | |
| | | Infrastructure development | | ICR Rating: MU |
| 2 grader and handheld compactor procured and delivered | 11 km of electric fence rehabilitated | | Speed humps constructed | Boundary and firebreak line cleared |
| One borehole and two water pumps maintained | | Six boreholes drilled | Approximately 90 kg of litter collected. | |
| | | | | |
| Resource protection | | | ICR Rating: S | |
| 2 vehicles procured | Communication equipment procured, installed and maintained | Control room established | Patrol equipment procured | |
| Uniforms procured | 9387 patrol man days (patrols, roadblocks, investigation, gate manning) conducted | 1450 patrol man days (rhinos monitoring) conducted | 5 combined operations conducted with other security wings | |
| 29 investigations activities and 36 intelligence gathering conducted | Boat maintained | Training plan developed | 10 WPOs trained in law enforcement | |
| Staff trained in rhino management | | Incentive system for WPOs implemented | | |
| | | | | |
| Wildlife research, monitoring and rehabilitation | | | ICR Rating: S | |
| 1 vehicle procured | Appropriate equipment for use in GIS & database development procured | Supplementary feed to animals (Rhinos) procured and provided | Aerial and ground counts of large mammals conducted (2005, 2006) | |
| Rhinos monitoring | Wildlife stocking rates adjusted (stock/destocking): restocking done in 2007 | Assessment of water flow and pollution on critical species and habitats around Victoria Falls | Monitoring of law enforcement | |
| Monitoring of impact of tourism activities on park environment | Monitoring system for animal health with SVM designed and implemented | Elephants movement routes mapped, 3 elephants collared | Maps for MNP produced | |
| Fire incidences in park monitored | Staff trained in GIS and database development | | MoU with UNZA signed and implemented | |
| | | | | |
| Community based natural resources management | | | ICR Rating: MS | |
| 1 motor bike procured | Sensitization meeting with communities held 1751 fireworks distributed to farmers | HWC cases resolved Conservation awareness for schools done | 7 WPOs trained in chili fencing | |

| | | |
|--|------------------------------------|---|
| Resettlement of Imusho village prior effectiveness | | Partly resettlement of Songwe village (boundary adjustment) |
| | | |
| | Public private partnerships | <i>ICR Rating: MU</i> |
| Revenues collected | 3 new TCA signed | MoU with NHCC signed |

Source: ZAWA 2006 Annual report

Subcomponent three: Improving the business environment for the Gemstone Sector

| Key Result | Indicator Description | Current status |
|--|--|--|
| Improved transparency and efficiency of the gemstone mining licensing process ICR Rating: MU | Reduced Mining Rights disputes from 250 to 50 per annum at national level by end of 2009 | Completed. The mining rights disputes have reduced from 250 to 30. (2011 up date). The reduction came about with the use of the flexi cadastre software which minimized over lapping complications. |
| | Revised Mines and Minerals Act and its regulations incl. statutory instruments (such as license fees for gemstones) submitted for legislative action. Central Mining Cadastre system installed, commissioned and operational. | The ACT is at Ministry of Justice but the new Government of PF intends to review all ACTs to assess harmony to their strategy. |
| | Number of un-utilized mining licenses decreased from 70 percent in 2004 to 35 percent by end of 2009. | The number of unutilized mining Licenses stands at 55 percent mainly prospective and small scale Licenses. The mining laws for prospective mining do not provide effective guidelines for conducting proper prospective mining exploration, as a result a good number of licenses are dormant. Most of small scale mining licenses that are issued are dormant because of several factors such as lack of equipment, a small share holding for the investor as result are unwilling to partner with local miners etc |
| Strengthened capacity for service delivery and value adding of gemstone mining related bodies | Gemmology Livingstone Bureau Kitwe Bureau | 3 were trained 2 were trained 2 were trained |
| | Revenue collection at Kitwe and Livingstone Mining Bureaus increases by 90 percent | Kitwe bureau generated 43,000,000 Kwacha by end of September this year (2011) and Livingstone generated 11,000,000 Kwacha by the end the same month. Comparing data obtained from the two bureaus for 2010 and 2011, Kitwe recorded a decrease of 0.12 percent in revenues, where as Livingstone recorded an increase of 0.37 percent in revenues |
| | 8 demand driven community | All the community projects are |

| | | |
|--|---|--|
| | <p>projects implemented in mining communities by Kalomo Miner Association (KMA) and Emerald and Semi-precious Stones Mining Association of Zambia (ESMAZ) by end 2009</p> | <p>completed, but with a several problems to do with sustainability and maintenance in Mapatizya</p> |
|--|---|--|

Annex 3. Economic and Financial Analysis

As noted in the PAD, the project had an overall Economic Rate of Return (ERR) of 31.6%. With the removal of the agribusiness component in 2006 which had the weakest performance of all the components (see below), the ERR improved (as measured at restructuring) to 33% and the breakeven increased from 5.7 years from the original PAD to 5.9 years following restructuring.

Table: PAD Economic and financial analysis

| | Tourism | Gemstone | Agribusiness | Overall Project |
|------------------------------|----------------|-----------------|---------------------|------------------------|
| NPV (US\$ million) | 30.4 | 4.4 | 2.5 | 41.6 |
| ERR (%) | 34.1 | 26.9 | 26.4 | 31.6 |
| Break even time (yrs) | 5.5 | 8 | 5 | 5.7 |

As required for a full-sized GEF project, an incremental cost analysis was conducted during the project preparation. No formal economic analysis was performed through the course of project implementation.

Annex 4. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

| Names | Title | Unit | Responsibility/ Specialty |
|------------------------|---------------------------------------|--------|------------------------------------|
| Lending | | | |
| Constantine Chikosi | Sr. Operations Officer, TTL | AFTPS | |
| Vyjayanti Desai | Private Sector Development Specialist | AFTPS | |
| Mehnarz Teymourian | Sr. Technical Specialist | AFTPS | |
| Iradj Alikhani | Lead Economist | AFTPS | |
| Edith Mwenda | Sr. Counsel | LEGAF | |
| Charles Husband | Lead Mining Specialist | COCPD | |
| Jean-Michel Pavy | Sr. Environmental Specialist | AFTS4 | |
| Davies Makasa | Highway Engineer | AFTTR | |
| Iain Christie | Consultant | | Tourism Sector Development |
| Gerald Tyler | Consultant | | Gemstone Sector Development |
| Yasuo Konishi | Consultant | | Agribusiness Sector Development |
| Chitalu Fenwick | Financial Management Specialist | AFTFM | |
| Bwalya Mumba | Procurement Officer | AFTPC | |
| Modupe Adebowale | Sr. Disbursement Officer | LOAG1 | |
| Stephen Jaffee | Peer Reviewer | PRMTR | |
| Agi Kiss | Peer Reviewer | ECSSD | |
| Richard Cambridge | Operations Adviser | AFTQK | |
| Herminia Martinez | Consultant | | Quality Assurance |
| Patricia Gleason | Consultant | | Global Environmental Fund |
| Gayatri Kanungo | Consultant | | Global Environmental Fund |
| Gotthard Walser | Senior Mining Specialist | COCOPD | |
| Irene Chacon | Operations Analyst | AFTPS | |
| Yeshareg Dagne | Program Assistant | AFTPS | |
| Supervision/ICR | | | |
| Marie Sheppard | Senior PSD Specialist | AFTFE | TTL (SEED) |
| Alex Mwanakasale | Agricultural Officer | AFTAR | Operations |
| Bremala Malli | Operations Officer | AFTAR | Operations |
| Charles A. Husband | Consultant | ECSS2 | Mining Consultant |
| Davies Bwalya Makasa | Transport Specialist | AFTTR | Operations |
| Fenwick M. Chitalu | Financial Management Specialist | AFTFM | Financial Management |
| Gotthard Walser | Consultant | SEGOM | Mining Consultant |
| Hannah R. Messerli | Senior PSD Specialist | AFTFE | Operations |
| Iain Thornton Christie | Consultant | AFTP1 | Tourism Consultant |
| Irene F. Chacon | Operations Analyst | AFTFW | Operations |
| Iris Cordula Duker | Tourism Specialist | AFTEN | Operations |
| Jean-Michel G. Pavy | Senior Environmental Specialist | AFTEN | TTL (PA component) |

| | | | |
|-------------------------|--------------------------------------|-------------|----------------------|
| Jutta Ursula Kern | Senior Monitoring & Evaluation | AFTDE | Operations |
| Kanyuka Mumba | Transport Specialist | AFTTR | Operations |
| Maureen Kabasia Mwikisa | Team Assistant | AFCS3 | Operations |
| Mercy Mataro Sabai | Sr Financial Management Specialist | AFTFM | Financial Management |
| Mohamed Arbi Ben-Achour | Consultant | AFTEG | Operations |
| N. Jane Walker | Lead Water and Sanitation Specialist | AFTU1 - HIS | Operations |
| Neta Mulenga Walima | Program Assistant | AFCS3 | Team Support |
| Petrus Benjamin Gericke | Lead Transport Specialist | ECSS5 | Operations |
| Shaun Mann | Senior Investment Policy Officer | CICIN | Operations |
| Sipiwe Janet Chihame | Program Assistant | AFCS3 | Team Support |
| Tesfaalem Gebreiyesus | Lead Procurement Specialist | SARPS | Operations |
| Wedex Ilunga | Senior Procurement Specialist | AFTPC | Operations |
| Yeshareg Dagne | Program Assistant | AFTFE | Team Support |

(a) Staff Time and Cost

| Fiscal Year | Staff Time and Cost (Bank Budget Only) | |
|------------------------|---|---|
| | No. of staff weeks | USD Thousands (including travel, and consultant costs) |
| Lending | | |
| 2001 | 8.0 | 23,520 |
| 2002 | 35.0 | 72,601 |
| 2003 | 37.7 | 93,689 |
| 2004 | 37.3 | 101,997 |
| 2005 | 7.0 | 25,659 |
| Total | 125 | 317,465 |
| Supervision/ICR | | |
| 2005 | 37.7 | 114,610 |
| 2006 | 55.3 | 154,261 |
| 2007 | 68.4 | 190,259 |
| 2008 | 60.3 | 198,497 |
| 2009 | 32.0 | 120,040 |
| 2010 | 4.2 | 19,212 |
| 2011 | 16.9 | 79,969 |
| 2012 | 14.1 | 53,316 |
| Total | 288.7 | 930,165 |

Annex 5. Beneficiary Survey Results
(if any)

Not Applicable.

Annex 6. Stakeholder Workshop Report and Results

Not applicable.

Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR

MTENR

ASSESSMENT OF THE PDO, DESIGN, IMPLEMENTATION & OPERATIONAL EXPERIENCE

The original PDO, design and implementation arrangements were seen to be inappropriate leading, to the restructuring of the project. The main constraining factors were:

- (i) **Over-Ambitious Project Development Objectives.** The original project design was a response to the copper crisis and attempted, under the auspices of a single, flagship instrument, to support and pilot approaches to diversification of the economy in general and within the tourism, gemstone and agribusiness sectors in particular. The original PDO, as a consequence, addressed higher level outcomes that were beyond the scope and capacity of what the project could achieve.
- (ii) **Complex Project Design.** To meet the PDO, the project design included three technical components that supported a broad array of activities at the national level as well as in targeted regions, resulting in an overly complex design that spanned a number of institutions and actions.
- (iii) **Weak Project Implementation.** Project complexity required effective management and accountability at project level and across Ministries. The original implementation arrangements provided a coordinating function as opposed to a management function, and there was no single focus of accountability for results. As a result of these issues, project development objective ratings remained “marginally unsatisfactory” even after re-focusing.

Project Design: Although the design was changed the project still had spanned two ministries which led to complications. Whereas the PMU was under the ministry dealing with tourism, it was also held accountable for activities that were in the ministry dealing with mining.

Project Implementation: Despite improved performance following the refocusing of the project, the planning of meetings steering committee to accommodate the schedules of all members, proved almost impossible. Moreover, effective management was further undermined as a consequence of the project spanning two ministries. While the Project Component Coordinators could accurately assess the status of the project, other officers in the ministry did not fully appreciate what the SEED Project was doing.

FACTORS AFFECTING IMPLEMENTATION AND OUTCOMES

Staff Turnover: The project experienced a high staff turnover during the period of implementation. Nearly all positions were held by more than one person during the life of the project as illustrated below:

- (a) Project Manager – held by three different persons
- (b) Financial Management Specialist – held by two different persons
- (c) Monitoring and Evaluation Officer – held by four different persons

(d) Project Accountant – held by four different persons

The reasons for staff leaving the project were varied although poor morale and low pay were cited as main reasons.

Stakeholder Participation: Despite the intention to conduct extensive consultations during the preparation of the project, consultations were not as extensive as hoped. This led to the situation where two Acts, the 2008 Mining Act and the Tourism & Hospitality Act, were passed by Parliament, only to be rejected by stakeholders because they did not address their needs, with stakeholders calling for substantive revision of the Acts prior to implementation.

Ownership, on the part of the community, of interventions in the mining area of Mapatizya was poor as the community claimed they had not been sufficiently consulted. Although the Kalomo Miners Association was consulted, they did not represent the whole mining community.

Lack of Counterpart Funds: The project did not stipulate the need for counterpart funding. This affected implementation specifically in the later stages of implementation when the World Bank stopped payment of sitting allowances. This led to a situation where evaluation of bids and reports, the review of draft Acts and other tasks were delayed because officers from the Government would not be available particularly at times when they could attend an evaluation elsewhere and get paid sitting allowances from a Project which was supported with counterpart funding.

Delay in Issuance of No Objections: Delay in responding to the requests for no objections resulted to some of the activities running behind schedule. In some cases the Bank withheld ‘no objection’ due to activities that may not even be tied to the activity for which a ‘no objection’ is requested. However with the introduction of the procurement system delays were minimized.

SUSTAINABILITY

The sustainability of results and outcomes achieved under SEED Project is important to ensure continued development after the project closure. The Government has put in place a sustainability strategy for all the interventions previously managed by the SEED Project. In its 2012 Estimate of Revenues and Expenditure an activity based budget prepared by the Ministry of Finance and National Planning, the Government has incorporated in it the SEED Project components costs.

Bank and Borrower Performance

There was close cooperation between the SEED Project Management Unit staff with the World Bank team, although the relationship with the Ministry was not as good.

Bank Performance

Delay in Issuance of No Objection

Bank – Inflexibility: The Bank's 'rigidity' can be blamed for poor performance with regard to some activities. This is typical where the borrower would not determine (terminate) a contract due to poor performance for fear that the Bank would not allow the Borrower to re-allocate resources and re-advertise the contract to continue the works. This resulted in the Borrower persisting with poor contractors to the detriment of project performance.

Bank – Micro Management of Project: Whilst the input of the Task Team Leaders is appreciated, at times their intervention amounted to micro managing the project. For example the non-renewal of contracts for some project staff was as direct result of the influence of the TTL.

Bank – Turnover Task Team Leaders and Bank Staff: The Task Team Leader oversaw the design of the SEED Project departed from the team three months into effectiveness of the project. In addition, Bank staff supporting the TTL, such as the Tourism Specialists and Mining Specialists, did not stay through the duration of the project's life.

Borrower Performance

Borrower – Lack of Commitment: A consistent observation and criticism leveled at this project is poor ownership and leadership of the project on the part of Government. Government did not own the process and was not fully invested in the activities undertaken. At times borrower requested activities would not move forward unless sitting allowances and/or out of pocket allowances were provided. Poor management and capacity on the part of the borrower, for certain sub/component activities under their jurisdiction, resulted compounded delays and poor performance.

Borrower – Stakeholder Participation: As the project neared finality, the borrower initiated extensive consultation with key stakeholders, specifically in the private sector, with regard to proposed revisions to the Tourism & Hospitality Act and Mining Act. Following withdrawal of the MCC from the tourism sector, the ZAWA similarly met with various stakeholders, including cooperating partners, NGOs and representatives of civil society, to gather input with regard to proposals to improve the service delivery and operational capacity of ZAWA.

Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders

Norway: Not applicable.

Annex 9. List of Supporting Documents

Agreement between Government of the Kingdom of Norway and the Government of the Republic of Zambia, 2004

Booth, V., Lengwe, E., Whist, E., Wixted, T. 2007. Mid Term Review of the Programme of the Development of Kafue National Park as a model of sustainable economic use and biodiversity conservation in a management extensive environment. Kafue National Park Project.

Chanda., J. 2011. Report on the contract implementation of the infrastructure project in KNP. SEED Project

Chilufya E., Purchase. N. 2011. CAT News, Cheetahs in Kafue National Park and Nkala Game Management Area, Zambia.

Ecological Monitoring indicator values for Kafue National Park. No further details on author and year of publication.

Fire management manual for Kafue National Park and its surrounding game management areas. 2007. Robins.

Frederick. H., Aerial Survey: Kafue Ecosystem 2008.

Frederick. H., Aerial Survey: Kafue Ecosystem 2011.

Kafue Carnivore Project – 2011 Annual Report. Lines, R., Puerta, A., Becker, M. 2011. Zambian Carnivore Programme.

Kasonso Busanga GMA-GMP 2010- 2020

Kinda baboons and Grayfoot Chacma baboonsHybridize in the Kafue River Valley, Zambia. Jolly, C., et all. 2010. American Journal of Primatology 71:1-13.

Ministry of Information, Broadcasting and Tourism, 2005-2011, Various: Support for Economic Management and Diversification (SEED) Project Annual Progress Report

Ministry of Information, Broadcasting and Tourism, 2012.Implementation Completion and Results Report for SEED Project.

Ministry of Information, Broadcasting and Tourism, Support for Economic Management and Diversification (SEED) Project Monitoring and Evaluation Operational Plan 2007-2009, 2009.

Mufunta GMA-GMP 2010-2020

Mulobezi GMA- GMP 2010-2020

Mumbwa GMA- GMP 2010-2020

Namukonde, N., Chilufya, E. , Vegetation Monitoring in Kafue National Park. 2010

Namwala GMA- GMP 2010-2020

Natural Resources Consultative Forum , The impact of Wildlife Management policies on communities and conservation in game management areas in Zambia – Message to Policy Makers. Simasiku. P, et all. 2008.

Nkala GMA-GMP 2010-2020

P. Simasiku, H.I. Simwanza, G. Tembo, S. Bandyopadhyay and J.M. Pavy (2008) The impact of wildlife management policies on communities and conservation in game management areas in Zambia. Message to policy makers

Research and Monitoring programme for Kafue National Park and Adjacent Game Management areas. ZAWA. No year of publication.

Robins. Fire management manual for Kafue National Park and its surrounding game management areas. 2007.

SEED (2003) Resettlement Action Plan (RP 192 V.1), Zambia Wildlife Authority (ZAWA)

Sichifulo GMA-GMP 2010-2020

Situational and Livelihoods Analysis study in Nine Game Management Areas, surrounding Kafue National Park: phase 3: draft Livelihood Analysis Report for Selected GMAs and preliminary Recommendations for MCC Investment in GMAs (Deliverable No. 3). MCC, August, 2011.

Situational and Livelihoods Analysis study in Nine Game Management Areas, surrounding Kafue National Park: phase 2: draft Livelihood Analysis Report for Selected GMAs and preliminary Recommendations for MCC Investment in GMAs (Deliverable No. 2). MCC, May, 2011

Social and Environment Assessment Report, Ministry of Tourism, Environment and Natural Resources, Zambia. The World Bank, E-841 V.1 June 2003, HABICO Planning and Architecture Ltd.

The real economic impact of Nature Tourism in Zambia. Hamilton, K, et all. 2007. Natural Resources Consultative Forum.

Vegetation Monitoring in Kafue National Park. Namukonde, N., Chilufya, E. 2010

Vegetation Monitoring in the Kafue National Park. ZAWA. 2008.

World Bank, 2004-2011 – Implementation Status and Results Reports for the Support for Economic Management and Diversification (SEED) Project

World Bank, 2004-2011 – Various aide-memoires of supervision missions for the Support for Economic Management and Diversification (SEED) Project

World Bank, 2005-2011- Various aide-memoires of joint Norway & World Bank supervision missions in support to the development of Kafue National Park (KNP)

World Bank, 2007, Project Paper on a Proposed Restructuring of the Support for Economic Management and Diversification (SEED) Project

World Bank, Support for Economic Management and Diversification (SEED) Project, Project Appraisal Document, 2004

Zambia Wildlife Authority , Research and Monitoring programme for Kafue National Park and Adjacent Game Management areas. No year of publication.

Zambia Wildlife Authority , Vegetation Monitoring in the Kafue National Park. 2008.

Zambia Wildlife Authority, Aerial Survey of Kafue Ecosystem 2006.

Zambia Wildlife Authority, Implementation Completion and Results Report for SEED Project – Protected Areas,. 2012.

Zambia Wildlife Authority, Populations of Nilo Crocodile and Hippopotamus in the Kafue River sustem. Simukonda. C. 2008.

